

OFFICIAL STATEMENT DATED JUNE 27, 2022

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. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds are not designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

S&P Global Ratings (AGM Insured) ..... "AA"  
Moody's Investors Service, Inc. (AGM Insured) ..... "A1"  
Moody's Investors Service, Inc. (Underlying) ..... "Baa3"  
See "MUNICIPAL BOND INSURANCE" and "RATINGS"

**\$8,285,000**  
**UNLIMITED TAX BONDS**  
**SERIES 2022**

**\$5,315,000**  
**UNLIMITED TAX ROAD BONDS**  
**SERIES 2022**

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
(A Political Subdivision of the State of Texas Located within Williamson County)

Dated: July 1, 2022

Interest accrues from: Date of Delivery

Due: October 1, as shown on inside cover

The \$8,285,000 Unlimited Tax Bonds, Series 2022 (the "Utility Bonds") and the \$5,315,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds," and together with the Utility Bonds, the "Bonds") are obligations of Williamson County Municipal Utility District No. 28 (the "District") and are not obligations of the State of Texas; Williamson County, Texas; the City of Georgetown, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Williamson County, Texas; the City of Georgetown, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrars, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated July 1, 2022 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or around July 26, 2022 (the "Date of Delivery"), with interest payable April 1, 2023, and on each October 1 and April 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

**See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on inside cover.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate insurance policies (each a "Policy" and collectively, the "Policies") to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP ("AGM")**.



The Utility Bonds are the fifth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing water, sewer, and drainage facilities serving the District and for refunding such bonds. The Road Bonds are the fourth series of bonds issued by the District for the purpose of acquiring or constructing road improvements to serve the District and for refunding such bonds. The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of two separate continuing direct annual ad valorem taxes, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source of Payment." Investment in the Bonds is subject to certain investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected on or about July 26, 2022.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS****\$8,285,000 Unlimited Tax Bonds, Series 2022****\$2,190,000 Serial Bonds**

Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2024	\$ 205,000	5.000%	2.550%	97001Y HD5	2029	\$ 250,000	5.000%	3.400%	97001Y HJ2
2025	215,000	5.000%	2.750%	97001Y HE3	2030	265,000	5.000%	3.500%	97001Y HK9
2026	225,000	5.000%	3.000%	97001Y HF0	2031 (c)	275,000	4.000%	3.600%	97001Y HL7
2027	230,000	5.000%	3.050%	97001Y HG8	2032 (c)	285,000	4.000%	3.700%	97001Y HM5
2028	240,000	5.000%	3.200%	97001Y HH6					

**\$6,095,000 Term Bonds**

\$935,000 Term Bond Due October 1, 2035 (c)(d), Interest Rate: 4.000% (Price: \$100.000) (a), CUSIP No. 97001Y HQ6 (b)

\$690,000 Term Bond Due October 1, 2037 (c)(d), Interest Rate: 4.000% (Price: \$98.873) (a), CUSIP No. 97001Y HS2 (b)

\$755,000 Term Bond Due October 1, 2039 (c)(d), Interest Rate: 4.000% (Price: \$98.165) (a), CUSIP No. 97001Y HU7 (b)

\$815,000 Term Bond Due October 1, 2041 (c)(d), Interest Rate: 4.125% (Price: \$99.013) (a), CUSIP No. 97001Y HW3 (b)

\$1,360,000 Term Bond Due October 1, 2044 (c)(d), Interest Rate: 4.250% (Price: \$100.000) (a), CUSIP No. 97001Y HZ6 (b)

\$1,540,000 Term Bond Due October 1, 2047 (c)(d), Interest Rate: 4.250% (Price: \$99.230) (a), CUSIP No. 97001Y JC5 (b)

**\$5,315,000 Unlimited Tax Road Bonds, Series 2022****\$730,000 Serial Bonds**

Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2024	\$ 65,000	5.000%	2.700%	97001Y JD3	2029	\$ 70,000	5.000%	3.550%	97001Y JJ0
2025	70,000	5.000%	2.900%	97001Y JE1	2030	75,000	5.000%	3.650%	97001Y JK7
2026	75,000	5.000%	3.100%	97001Y JF8	2031 (c)	75,000	5.000%	3.750%	97001Y JL5
2027	70,000	5.000%	3.200%	97001Y JG6	2032 (c)	75,000	5.000%	3.850%	97001Y JM3
2028	75,000	5.000%	3.350%	97001Y JH4	2033 (c)	80,000	5.000%	3.900%	97001Y JN1

**\$4,585,000 Term Bonds**

\$230,000 Term Bond Due October 1, 2036 (c)(d), Interest Rate: 4.000% (Price: \$100.000) (a), CUSIP No. 97001Y JR2 (b)

\$415,000 Term Bond Due October 1, 2041 (c)(d), Interest Rate: 4.125% (Price: \$99.013) (a), CUSIP No. 97001Y JW1 (b)

\$625,000 Term Bond Due October 1, 2045 (c)(d), Interest Rate: 4.250% (Price: \$100.000) (a), CUSIP No. 97001Y KA7 (b)

\$1,805,000 Term Bond Due October 1, 2048 (c)(d), Interest Rate: 4.375% (Price: \$100.000) (a), CUSIP No. 97001Y KD1 (b)

\$1,510,000 Term Bond Due October 1, 2050 (c)(d), Interest Rate: 4.500% (Price: \$102.000) (a), CUSIP No. 97001Y KF6 (b)

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

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

All of the summaries of the statutes, resolutions, orders, contracts, 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 Bond Counsel, for further information.

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

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**MUNICIPAL BOND INSURANCE**" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

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## **SALE AND DISTRIBUTION OF THE BONDS**

### **Award of the Bonds**

After requesting competitive bids for the Utility Bonds, the District has accepted the bid of FMSbonds, Inc. (the "Utility Bonds Initial Purchaser") to purchase the Utility Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 97.428019% of par, resulting in a net effective interest rate to the District of 4.373748%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Utility Bonds after their sale by the District to the Utility Bonds Initial Purchaser. The District has no control over the price at which the Utility Bonds are subsequently sold, and the initial yields at which the Utility Bonds are priced and reoffered are established by and are the sole responsibility of the Utility Bonds Initial Purchaser.

After requesting competitive bids for the Road Bonds, the District has accepted the bid of FMSbonds, Inc. (the "Road Bonds Initial Purchaser") to purchase the Road Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 97.334913% of par, resulting in a net effective interest rate to the District of 4.528142%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Road Bonds after their sale by the District to the Road Bonds Initial Purchaser. The District has no control over the price at which the Road Bonds are subsequently sold, and the initial yields at which the Road Bonds are priced and reoffered are established by and are the sole responsibility of the Road Bonds Initial Purchaser.

The Utility Bonds Initial Purchaser and the Road Bonds Initial Purchaser are generally referred to collectively, as the "Initial Purchaser" throughout this Official Statement, and as used herein "Initial Purchaser" shall only be intended to apply to the underwriter for the appropriate series of bonds.

### **Prices and Marketability**

Subject to certain restrictions described in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

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 or held at initial offering prices. For this purpose, the term "public" shall not include any person who is a bondhouse, 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.

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

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

### **Securities Laws**

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the

Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

### **Delivery of Official Statements**

The District shall furnish to the Initial Purchaser (and to each participating underwriter 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 agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90<sup>th</sup> 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 agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its separate Municipal Bond Insurance Policies for the Bonds (each a "Policy" and collectively, the "Policies"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

### *Capitalization of AGM*

At March 31, 2022:

- The policyholders' surplus of AGM was approximately \$2,909 million.
- The contingency reserve of AGM was approximately \$893 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,116 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously

included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

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

#### **RATINGS**

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

The Bonds have received an insured rating of "A1" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The District will pay the rating fees charged by Moody's.

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

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## OFFICIAL STATEMENT SUMMARY

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

### THE BONDS

The District.....	Williamson County Municipal Utility District No. 28 (the "District"), a political subdivision of the State of Texas, is located in Williamson County, Texas. See "THE DISTRICT."
The Bonds.....	The \$8,285,000 Unlimited Tax Bonds, Series 2022 (the "Utility Bonds") and the \$5,315,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds," and together with the Utility Bonds, the "Bonds"), are dated July 1, 2022, and mature on October 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from the date of delivery, which is expected to be on or around July 26, 2022 (the "Date of Delivery"), and is payable April 1, 2023, and each October 1 and April 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption.....	<p>The Bonds maturing on or after October 1, 2031, are subject to redemption, in whole or from time to time in part, on July 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – <i>Optional Redemption</i>."</p> <p>The Utility Bonds maturing on October 1 in the years 2035, 2037, 2039, 2041, 2044 and 2047 are term bonds that are also subject to mandatory sinking fund redemption provisions set out under "THE BONDS – Redemption of the Bonds – <i>Mandatory Redemption</i>."</p> <p>The Road Bonds maturing on October 1 in the years 2036, 2041, 2045, 2048 and 2050 are term bonds that are also subject to mandatory sinking fund redemption provisions set out under "THE BONDS – Redemption of the Bonds – <i>Mandatory Redemption</i>."</p>
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance.....	The Utility Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Utility Bond Resolution"); the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the

Texas Water Code, as amended; an election held within the District and passed by a majority of the participating voters; and an order of the Texas Commission on Environmental Quality ("TCEQ"). See "THE BONDS – Authority for Issuance."

The Road Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Road Bond Resolution," and together with the Utility Bond Resolution, the "Bond Resolutions"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7898 of the Texas Special District Local Laws Code; and an election held within the District and passed by a majority of the participating voters. See "THE BONDS – Authority for Issuance."

Source of Payment..... The District is authorized to levy taxes to pay debt service on bonds issued for the Utility System and the Road System, and such taxes are unlimited as to rate or amount. The Bonds are payable from two separate continuing direct annual ad valorem taxes, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Williamson County, Texas; the City of Georgetown, Texas; or any entity other than the District. See "THE BONDS – Source of Payment."

Outstanding Bonds..... The District has previously issued the following four series of unlimited tax bonds for the purpose of acquiring or constructing the water, sewer, and drainage facilities serving the District (the "Utility System"): \$8,250,000 Unlimited Tax Bonds, Series 2018; \$5,025,000 Unlimited Tax Bonds, Series 2019; \$8,970,000 Unlimited Tax Bonds, Series 2020; and \$5,750,000 Unlimited Tax Bonds, Series 2021. Of such four series of bonds previously issued by the District, \$27,150,000 principal amount will remain outstanding as of the delivery of the Bonds (the "Outstanding Utility Bonds").

The District has previously issued the following three series of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"): \$1,780,000 Unlimited Tax Road Bonds, Series 2018; \$3,225,000 Unlimited Tax Road Bonds, Series 2020; and \$4,435,000 Unlimited Tax Road Bonds, Series 2021. Of such three series of bonds previously issued by the District, \$9,270,000 principal amount will remain outstanding as of the delivery of the Bonds (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds").

Short-Term Debt..... In connection with the Utility Bonds, the District has issued its \$2,593,000 Bond Anticipation Note, Series 2021, dated November 30, 2021 (the "BAN"), and distributed proceeds from sale of the BAN as described below. The BAN accrues interest at a rate of 1.00% per year (computed on the basis of a 365-day year) and matures on November 29, 2022, unless called for redemption prior to maturity.

Use of Proceeds of the Utility Bonds..... Proceeds from sale of the Utility Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the construction costs set out herein under "THE BONDS – Use and Distribution of Proceeds of Utility Bonds." Proceeds of the Utility Bonds will also be used to: reimburse

the Developer for the portion of said construction costs that was not reimbursed by the BAN, pay six (6) months of capitalized interest on the Utility Bonds, and pay costs of issuance associated with the BAN and the Utility Bonds. See “THE BONDS – Use and Distribution of Proceeds of Utility Bonds” for further information.

Use of Proceeds of the Road Bonds.....	Proceeds from sale of the Road Bonds will be used to reimburse the Developer (herein defined) for a portion of the construction costs set out herein under “THE BONDS – Use and Distribution of Proceeds of Road Bonds.” Proceeds of the Road Bonds will also be used to: reimburse the Developer for the portion of said construction costs, pay six (6) months of capitalized interest on the Road Bonds, and pay costs of issuance associated with the Road Bonds. See “THE BONDS – Use and Distribution of Proceeds of Road Bonds” for further information.
Not Qualified Tax-Exempt Obligations .....	The Bonds were not designated as “qualified tax-exempt obligations” for financial institutions.
Municipal Bond Insurance and Ratings.....	See “MUNICIPAL BOND INSURANCE” and “RATINGS” above.
Legal Opinion .....	Allen Boone Humphries Robinson LLP, Austin, Texas. See “LEGAL MATTERS.”
Disclosure Counsel .....	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Houston, Texas.

#### **THE DISTRICT**

Description.....	The District is a political subdivision of the State of Texas located approximately two miles west of the downtown area of the City of Georgetown, Texas (the “City”). The District consists of approximately 378.485 total acres situated entirely within the corporate limits of the City. The District is a municipal utility district created by an order of the TCEQ dated effective April 23, 2015, and operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. See “THE DISTRICT.”
Chapter 552 Agreement with City .....	The District and City have entered into an agreement in which the District has agreed to acquire or construct certain public improvements that, upon completion, are to be conveyed to the City, and the City has agreed to pay to the District, from the collection of taxes that are levied and received by the City and attributable to taxable property located the District, an amount equal to \$0.15 per \$100 of taxable assessed value (the “Rebate”) on an annual basis, but in no event shall such annual payments of the Rebate exceed the Maximum Reimbursement Amount (herein defined). The District intends to use the proceeds from the levy of its annual ad valorem tax as well as the proceeds from the Rebate to pay debt service on the Bonds and the Outstanding Bonds. The Rebate, however, is <u>not</u> pledged to the payment of debt service on the Bonds or the Outstanding Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”
Development within the District.....	To date, approximately 323.418 acres within the District have been developed as 845 total single-family lots in the residential subdivisions of Wolf Ranch West, Section 1A, Phases 1, 2, and 3; Wolf Ranch West, Section 2, Phases 1 and 2; Wolf Ranch West, Section 3,

Phase 1 and 2; and Wolf Ranch West, Section 4A. As of May 11, 2022, the District included approximately 556 completed homes (approximately 527 occupied, 20 unoccupied, and 9 model homes); approximately 83 homes under construction; and approximately 206 vacant developed lots. The District also includes two multi-family residential properties. Approximately 47.950 acres in the District have been subdivided as Wolf Ranch West, Section 1B, which includes the following multi-family developments that are complete and actively leasing: Bexley Wolf Ranch, a 332-unit project, and Retreat at Wolf Ranch, a 303-unit complex.

The District consists of approximately 378.485 total acres. The subdivisions referenced above encompass approximately 371.368 acres within the District. The remainder of the District, approximately 7.1 acres, are developable lands that are planned for additional residential subdivisions and commercial parcels. See “DEVELOPMENT OF THE DISTRICT – Status of Development within the District.”

The Developer.....Land within the District is being developed by Hillwood Development Company, LLC (“Hillwood”). Hillwood, a Perot Company, is a Dallas-based national real estate development company owned by H. Ross Perot, Jr., with over 30 years of experience developing land in Texas. Hillwood’s development expertise and experience encompasses diverse product types, including: sports arenas, high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities.

Hillwood has formed H4 WR, LP; H4WR Phase 1, LLC; H4WR Phase 2, LLC; H4WR Phase 4, LLC; H4WR Phase 3A, LLC; H4WR Phase 3B, LLC; and other entities through which it owns and develops land in the District. Hillwood and its affiliates that own property in the District (such as H4 WR, LP; H4WR Phase 1, LLC; H4WR Phase 2, LLC; H4WR Phase 4, LLC; H4WR Phase 3A, LLC; and H4WR Phase 3B, LLC) are collectively referred to herein as the “Developer.” See “THE DEVELOPER” and “DEVELOPMENT OF THE DISTRICT.”

Homebuilders within the District.....Homebuilders who are currently active in the District include Coventry Homes, David Weekley Homes, Drees Custom Homes, Highland Homes, and Perry Homes. Prices of homes being constructed in the District range from \$360,000–\$900,000. See “DEVELOPMENT OF THE DISTRICT – Homebuilders within the District.”

### INVESTMENT CONSIDERATIONS

THE DISTRICT’S TAXES ARE LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS,” BEFORE MAKING AN INVESTMENT DECISION.

## SELECTED FINANCIAL INFORMATION

### (UNAUDITED)

2021 Taxable Assessed Valuation.....	\$ 314,355,768	(a)
2022 Preliminary Valuation .....	\$ 467,856,525	(b)
Estimate of Value as of April 1, 2022.....	\$ 495,200,000	(c)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds).....	\$ 36,420,000	
The Utility Bonds .....	\$ 8,285,000	
The Road Bonds .....	<u>\$ 5,315,000</u>	
Total.....	\$ 50,020,000	
Estimated Overlapping Debt .....	<u>\$ 26,613,335</u>	(d)
Total Direct and Estimated Overlapping Debt .....	\$ 76,633,335	(d)
Direct Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation.....	15.91	%
As a percentage of the 2022 Preliminary Valuation .....	10.69	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	10.10	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation.....	24.38	%
As a percentage of the 2022 Preliminary Valuation .....	16.38	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	15.48	%
Utility System Debt Service Fund Balance (as of May 16, 2022) .....	\$ 1,315,716	(e)
Road System Debt Service Fund Balance (as of May 16, 2022).....	\$ 404,391	(f)
General Operating Fund Balance (as of May 16, 2022).....	\$ 605,824	

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- (a) Represents the taxable assessed valuation as of January 1, 2021, of all taxable property in the District, as certified by the Williamson Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Represents the preliminary determination of the taxable value in the District as of January 1, 2022, provided by the Appraisal District. This value includes \$26,770,629, which is 100% of the amount under arbitration by the Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2022, and includes an estimate of additional taxable value resulting from additional of taxable improvements constructed in the District through April 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (e) In addition to this amount, six (6) months of capitalized interest on the Utility Bonds will be deposited into this fund upon closing and delivery of the Utility Bonds. Neither Texas law nor the Utility Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).
- (f) In addition to this amount, six (6) months of capitalized interest on the Bonds will be deposited into this fund upon closing and delivery of the Bonds. Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined).

## SELECTED FINANCIAL INFORMATION

### (UNAUDITED)

2021 Tax Rate per \$100 of Taxable Assessed Valuation		
Utility System Debt Service .....	\$0.390	(a)
Road System Debt Service .....	\$0.125	(a)
Maintenance and Operation.....	<u>\$0.135</u>	
Total.....	\$0.650	
Average Annual Debt Service Requirement (2022–2050) .....	\$2,562,489	(b)
Maximum Annual Debt Service Requirement (2043).....	\$3,138,133	(b)
Combined Debt Service Tax Rate per \$100 of Taxable Assessed Valuation		
Required to Pay Average Annual Debt Service Requirement (2022–2050)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections .....	\$0.86	(c)
Based on the 2022 Preliminary Valuation at 95% Tax Collections.....	\$0.58	(c)
Based on the Estimate of Value as of April 1, 2022, at 95% Tax Collections .....	\$0.55	(c)
Combined Debt Service Tax Rate per \$100 of Taxable Assessed Valuation		
Required to Pay Maximum Annual Debt Service Requirement (2043)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections .....	\$1.06	(c)
Based on the 2022 Preliminary Valuation at 95% Tax Collections.....	\$0.71	(c)
Based on the Estimate of Value as of April 1, 2022, at 95% Tax Collections .....	\$0.67	(c)

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- (a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”
- (b) Represents a requirement of debt service on the Outstanding Bonds and the Bonds. See “DISTRICT DEBT – Debt Service Requirement Schedule.”
- (c) Represents the amount of the combined debt service tax rate that is necessary to meet the requirement of debt service based on the corresponding valuation of the District and a collection rate of 95%. Such amounts do not reflect the District’s use of funds from the Rebate (herein defined) towards payment of debt service on the Bonds and the Outstanding Bonds (herein defined). Should the District apply all funds that it receives from the Rebate towards payment of debt service of the Bonds and the Outstanding Bonds during each year that the Bonds remain outstanding, then, based on the amount of Rebate due from the corresponding valuation of the District and 95% collections, the necessary amount of each combined debt service tax rate will be \$0.15 less than the amount noted above. While the District intends to use the Rebate to pay a portion of the debt service on the Bonds and the Outstanding Bonds, the Rebate is not pledged to the payment of debt service on the Bonds or the Outstanding Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”

## **WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**

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

**\$8,285,000**  
**Unlimited Tax Bonds**  
**Series 2022**

**\$5,315,000**  
**Unlimited Tax Road Bonds**  
**Series 2022**

### **INTRODUCTION**

This Official Statement of Williamson County Municipal Utility District No. 28 (the "District") is provided to furnish information with respect to the issuance by the District of its \$8,285,000 Unlimited Tax Bonds, Series 2022 (the "Utility Bonds") and the \$5,315,000 Unlimited Tax Road Bonds, Series 2022 (the "Road Bonds," and together with the Utility Bonds, the "Bonds").

The Utility Bonds are issued pursuant to (i) the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District and passed by a majority of the participating voters; (iii) a resolution (the "Utility Bond Resolution") adopted by the Board of Directors of the District (the "Board"); and (iv) an order of the Texas Commission on Environmental Quality ("TCEQ").

The Road Bonds are issued pursuant to a resolution adopted by the Board on the date of sale of the Road Bonds (the "Road Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7898 of the Texas Special District Local Laws Code; and an election held within the District and passed by a majority of the participating voters.

The Utility Bond Resolution and the Road Bond Resolution are herein referred to collectively as the "Bond Resolutions."

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

This Official Statement includes descriptions of the Bonds, the Developer (herein defined), the Bond Resolutions, and certain information about the District and its finances. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolutions. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701, upon payment of the costs of duplication therefor.

### **THE BONDS**

#### **General**

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

The Bonds are dated July 1, 2022, and mature on October 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from the date of delivery, which is expected to be on or around July 26, 2022 (the "Date of Delivery"), and is payable April 1, 2023, and each October 1 and April 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on October 1 of the years shown on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners of the Bonds (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

## **Book-Entry-Only System**

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

*The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each 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.

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

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

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

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

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

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

### **Successor Paying Agent/Registrar**

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

### **Registration, Transfer and Exchange**

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

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

### **Record Date for Interest Payment**

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. 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 Registered Owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

### **Redemption of the Bonds**

#### *Optional Redemption*

The Bonds that mature on October 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on July 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment

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

*Mandatory Redemption*

The Utility Bonds maturing on October 1 in the years 2035, 2037, 2039, 2041, 2044 and 2047 are term bonds (the "Utility Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Utility Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

**\$935,000 Utility Term Bonds Maturing on October 1, 2035**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2033	\$ 300,000
October 1, 2034	\$ 310,000
October 1, 2035 (Maturity)	\$ 325,000

**\$690,000 Utility Term Bonds Maturing on October 1, 2037**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2036	\$ 340,000
October 1, 2037 (Maturity)	\$ 350,000

**\$755,000 Utility Term Bonds Maturing on October 1, 2039**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2038	\$ 370,000
October 1, 2039 (Maturity)	\$ 385,000

**\$815,000 Utility Term Bonds Maturing on October 1, 2041**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2040	\$ 400,000
October 1, 2041 (Maturity)	\$ 415,000

**\$1,360,000 Utility Term Bonds Maturing on October 1, 2044**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2042	\$ 435,000
October 1, 2043	\$ 455,000
October 1, 2044 (Maturity)	\$ 470,000

**\$1,540,000 Utility Term Bonds Maturing on October 1, 2047**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2045	\$ 490,000
October 1, 2046	\$ 515,000
October 1, 2047 (Maturity)	\$ 535,000

The Road Bonds maturing on October 1 in the years 2036, 2041, 2045, 2048 and 2050 are term bonds (the "Road Term Bonds," and together with the Utility Term Bonds, the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amount set forth in the following schedule:

\$230,000 Road Term Bonds Maturing on October 1, 2036

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2034	\$ 75,000
October 1, 2035	\$ 80,000
October 1, 2036 (Maturity)	\$ 75,000

\$415,000 Road Term Bonds Maturing on October 1, 2041

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2037	\$ 80,000
October 1, 2038	\$ 80,000
October 1, 2039	\$ 85,000
October 1, 2040	\$ 85,000
October 1, 2041 (Maturity)	\$ 85,000

\$625,000 Road Term Bonds Maturing on October 1, 2045

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2042	\$ 85,000
October 1, 2043	\$ 95,000
October 1, 2044	\$ 220,000
October 1, 2045 (Maturity)	\$ 225,000

\$1,805,000 Road Term Bonds Maturing on October 1, 2048

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2046	\$ 415,000
October 1, 2047	\$ 680,000
October 1, 2048 (Maturity)	\$ 710,000

\$1,510,000 Road Term Bonds Maturing on October 1, 2050

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2049	\$ 740,000
October 1, 2050 (Maturity)	\$ 770,000

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

**Mutilated, Lost, Stolen or Destroyed Bonds**

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

## **Outstanding Bonds**

The District has previously issued the following four series of unlimited tax bonds for the purpose of acquiring or constructing the water, sewer, and drainage facilities serving the District (the "Utility System"): \$8,250,000 Unlimited Tax Bonds, Series 2018; \$5,025,000 Unlimited Tax Bonds, Series 2019; \$8,970,000 Unlimited Tax Bonds, Series 2020; and \$5,750,000 Unlimited Tax Bonds, Series 2021. Of such four series of bonds previously issued by the District, \$27,150,000 principal amount will remain outstanding as of the delivery of the Bonds (the "Outstanding Utility Bonds").

The District has previously issued the following three series of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"): \$1,780,000 Unlimited Tax Road Bonds, Series 2018; \$3,225,000 Unlimited Tax Road Bonds, Series 2020; and \$4,435,000 Unlimited Tax Road Bonds, Series 2021. Of such three series of bonds previously issued by the District, \$9,270,000 principal amount will remain outstanding as of the delivery of the Bonds (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds").

## **Authority for Issuance**

The Utility Bonds are issued pursuant to a resolution adopted by the Utility Bond Resolution; the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District and passed by a majority of the participating voters; and an order of the TCEQ.

The Road Bonds are issued pursuant to a resolution adopted by the Road Bond Resolution; Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7898 of the Texas Special District Local Laws Code; and an election held within the District and passed by a majority of the participating voters.

The Utility Bonds are the fifth series of bonds to be issued by the District out of an aggregate \$69,810,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing facilities necessary to provide water, sanitary sewer, and storm water drainage systems serving the District (the "Utility System") and for the refunding of bonds issued by the District for the Utility System. Following issuance of the Utility Bonds, \$33,530,000 principal amount of unlimited tax bonds for acquiring or constructing the Utility System, and for the refunding of such bonds, will remain authorized but unissued.

The Road Bonds are the fourth series of bonds to be issued by the District out of an aggregate \$14,755,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds issued by the District for the Road System. Following issuance of the Road Bonds there will be zero principal amount of unlimited tax bonds for acquiring or constructing the Road System, and for the refunding of such bonds, will remain authorized but unissued.

The District's voters have also authorized the issuance of \$34,580,000 unlimited tax bonds for the purpose of acquiring or constructing park and recreational improvements (the "Park System") and for refunding of such bonds. In addition, voters of the District have authorized the District's issuance of \$34,580,000 principal amount unlimited tax bonds for the Park System. To date, the District has issued no bonds from such voted authorization.

## **Source of Payment**

The Bonds are payable from two (2) separate continuing direct annual ad valorem taxes, unlimited as to rate or amount, levied against all taxable property within the District. In the Bond Resolutions, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Williamson Central Appraisal District (the "Appraisal District"). Utility System tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Utility Bonds, and any other/additional unlimited tax utility bonds issued by the District for the Utility System. Road System tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund and used solely to pay principal of and interest on the Road Bonds, and any other/additional unlimited tax road bonds issued by the District for the Road System.

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

### **Funds**

The Utility Bond Resolution confirms the District's fund for payment of debt service on the Utility Bonds, the Outstanding Utility Bonds issued for the Utility System, and any additional unlimited tax bonds that the District may hereafter issue for the Utility System (the "Utility System Debt Service Fund"). At the delivery of the Utility Bonds, six (6) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Utility Bonds, the Outstanding Utility Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Utility Bonds, the Outstanding Utility Bonds issued for the Utility System, and any of the District's other duly authorized bonds issued for the Utility System that are payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Utility Bonds, the Outstanding Utility Bonds issued for the Utility System, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on the Outstanding Road Bonds or Road Bonds issued for the Road System or any other bonds that the District may hereafter issue for the Road System. Similarly, amounts on deposit in the Road System Debt Service Fund (defined below) may not be used to pay debt service on the District's bonds issued for the Road System, including the Road Bonds.

The Road Bond Resolution confirms the District's fund for debt service on the Road Bonds and any other/additional unlimited tax road bonds issued by the District for the Road System (the "Road System Debt Service Fund"). At the delivery of the Road Bonds, six (6) months of capitalized interest on the Road Bonds will be deposited into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Road Bonds and any other/additional unlimited tax road bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Road Bonds and any other/additional unlimited tax road bonds issued by the District for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Road Bonds and any other/additional unlimited tax road bonds issued by the District for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System, including the Utility Bonds.

### **Issuance of Additional Debt**

The District may issue additional bonds that are necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$69,810,000 unlimited tax bonds for the Utility System and the refunding of such bonds, \$14,755,000 unlimited tax bonds for the Road System and refunding of such road bonds, \$34,580,000 principal amount unlimited tax bonds for the Park System and the refunding of such bonds, and could authorize additional amounts.

The Utility Bonds are the fifth series of bonds to be issued by the District out of an aggregate \$69,810,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Utility System and for the refunding of bonds issued by the District for the Utility System. Following issuance of the Utility Bonds, \$33,530,000 principal amount of unlimited tax bonds for acquiring or constructing the Utility System, and for the refunding of such bonds, will remain authorized but unissued.

The Road Bonds are the fourth series of bonds to be issued by the District out of an aggregate \$14,755,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Road System and for the refunding of such bonds issued by the District for the Road System.

Following issuance of the Road Bonds there will be zero principal amount of unlimited tax bonds for acquiring or constructing the Road System, and for the refunding of such bonds, will remain authorized but unissued.

The District's voters have also authorized the issuance of \$34,580,000 unlimited tax bonds for the purpose of acquiring or constructing the Park System and for refunding of such bonds. In addition, voters of the District have authorized the District's issuance of \$34,580,000 principal amount unlimited tax bonds for the Park System. To date, the District has issued no bonds from such voted authorization.

Following issuance of the Bonds, the District will owe the Developer approximately \$1,746,264 for expenditures to construct the Utility System, \$0 for expenditures to construct the Road System, and approximately \$1,373,665 for expenditures to construct Park System in the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

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

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

The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless effective June 14, 2021, 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 (1%) but not three percent (3%) of the value of the taxable property in the District.

### **No Arbitrage**

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

### **Defeasance**

The Bond Resolutions provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent)

of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

#### **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

#### **Registered Owners' Remedies**

Pursuant to Texas law, the Bond Resolutions provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolutions into the Utility System Debt Service Fund or the Road Bond Debt Service Fund, or defaults in the



observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolutions, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolutions does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

#### **Short-Term Debt**

In connection with the Utility Bonds, the District has issued its \$2,593,000 Bond Anticipation Note, Series 2021, dated November 30, 2021 (the "BAN"), and distributed proceeds from sale of the BAN as described below. The BAN accrues interest at a rate of 1.00% per year (computed on the basis of a 365-day year) and matures on November 29, 2022, unless called for redemption prior to maturity. It is anticipated that the BAN will be repaid and retired with the proceeds from sale of the Utility Bonds.

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## Use and Distribution of Proceeds of Utility Bonds

Proceeds from sale of the Utility Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the construction costs set out below. Proceeds of the Utility Bonds will also be used to: reimburse the Developer for the portion of said construction costs that was not reimbursed by the BAN, pay six (6) months of capitalized interest on the Utility Bonds, and pay costs of issuance associated with the BAN and the Utility Bonds.

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Utility Bonds and completion of agreed-upon procedures by the District's auditor.

<b><u>Construction Costs</u></b>	<b><u>District's Share</u></b>
A. Developer Contribution Items	
1. Wolf Ranch West, Section 3 Phase 1 – W, WW, D	\$ 3,810,054
2. Wolf Ranch West, Section 3 Legacy Crossing Bridge	108,705
3. Engineering and Testing (6.9% of Items Nos. 1 and 2)	269,810
4. Engineering for Wolf Ranch West, Section 3 Phase 1	<u>331,500</u>
Total Developer Contribution Items	\$ 4,520,068
B. District Contribution Items	
1. Impact Fees	\$ 2,107,560
2. Land Costs – Detention Ponds	412,691
Total District Contribution Items	<u>\$ 2,520,251</u>
<b>Total Construction Costs</b>	<b>\$ 7,040,319</b>
 <b><u>Non-Construction Costs</u></b>	
A. Legal Fees	\$ 205,700
B. Financial Advisor Fees	165,700
C. Interest Costs	
1. Capitalized Interest (6 months)	177,984
2. Developer Interest	246,179
3. BAN Interest	16,908
D. Bond Discount	213,089
E. Bond Issuance Expenses	45,600
F. BAN Issuance Expenses	64,468
G. Bond Application Report Cost	58,213
H. Attorney General Fee	8,285
I. TCEQ Bond Issuance Fee	20,713
J. Contingency (a)	<u>21,843</u>
<b>Total Non-Construction Costs</b>	<b>\$ 1,244,681</b>
 <b>TOTAL UTILITY BOND ISSUE REQUIREMENT</b>	 <b>\$ 8,285,000</b>

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(a) Represents the difference between the estimated and actual amounts of Capitalized Interest, BAN Interest and Bond Discount.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## Use and Distribution of Proceeds of Road Bonds

Proceeds from sale of the Road Bonds will be used to reimburse the Developer (herein defined) for a portion of the construction costs set below. Proceeds of the Road Bonds will also be used to: reimburse the Developer for the portion of said construction costs, pay six (6) months of capitalized interest on the Road Bonds, and pay costs of issuance associated with the Road Bonds.

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Road Bonds and completion of agreed-upon procedures by the District's auditor.

<b><u>Construction Costs</u></b>	<b><u>District's Share</u></b>
A. Developer Contribution Items	
1. Wolf Ranch West, Section 3-1 – Roads	\$ 434,792
2. Wolf Ranch West, Section 3-2 – Roads	1,171,435
3. Wolf Ranch West, Section 3 Bridge	907,329
4. Engineering and Testing (11.5% of Item Nos. 1 to 3)	326,808
5. Engineering and Testing for Wolf Ranch West Section 2	177,355
6. Wolf Ranch West Section 2 ROW	542,714
7. Wolf Ranch West Section 3 Phase 1 ROW	519,966
8. Wolf Ranch West Section 3 Phase 2 ROW	464,087
<b>Total Construction Costs</b>	<b>\$ 4,544,487</b>
<b>Less Surplus Funds</b>	<b>(80,420)</b>
<b>Net Total Construction Funds</b>	<b>\$ 4,464,067</b>
<b><u>Non-Construction Costs</u></b>	
A. Legal Fees	\$ 146,300
B. Financial Advisor Fees	106,300
C. Interest Costs	
1. Capitalized Interest (6 months)	118,150
2. Developer Interest	254,528
D. Underwriter's Discount	141,649
E. Bond Issuance Expenses	45,781
F. Bond Engineering Fee	20,315
G. Attorney General Fee	5,315
H. Contingency (a)	12,595
<b>Total Non-Construction Costs</b>	<b>\$ 850,933</b>
<b>TOTAL ROAD BOND ISSUE REQUIREMENT</b>	<b>\$ 5,315,000</b>

(a) Represents the difference between the estimated and actual amounts of Capitalized Interest and Bond Discount.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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## THE DISTRICT

### Authority

The District was created by order of the TCEQ dated effective April 23, 2015, and by a confirmation election held within the District on November 3, 2015. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is further empowered to construct roads as well as improvements in aid thereof.

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

### Description

At the time of the confirmation election, the District encompassed 259.543 acres. Thereafter, the District has undergone two annexations of acreage: (i) on December 19, 2016, the District annexed 0.638 acres into its boundaries and (ii) on November 18, 2019, the District annexed 118.31 acres into its boundaries. The District currently comprises total 378.485 acres. The District is located wholly within Williamson County, Texas, and lies approximately two miles west of the City, and is situated entirely within the corporate limits of the City. A small, undeveloped tract of land (approximately 0.749 acres) within the District is also located within the boundaries of Williamson County Municipal Utility District No. 29.

### Management of the District

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

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Rebecca Ida Broudy Collins	President	2026
William S. Minick	Vice President	2024
M. Scott Norman, Jr.	Secretary	2026
Susan Turrieta	Assistant Secretary	2024
Vacant	Assistant Vice President	N/A

### 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 short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

## **Consultants**

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

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

*Bookkeeper:* The District’s bookkeeper is Bott & Douthitt PLLC.

*Auditor:* The District engaged McCall Gibson Swedlund Barfoot PLLC to audit its financial statements for the fiscal year ended April 30, 2021. McCall Gibson Swedlund Barfoot PLLC was not requested to perform any updating procedures subsequent to the date of its audit opinion on the April 30, 2021 financial statements. The District has engaged McCall Gibson Swedlund Barfoot PLLC to audit its financial statements for the fiscal year ended April 30, 2022.

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

*Bond Counsel:* The District has engaged Allen Boone Humphries Robinson LLP, Austin, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

*Disclosure Counsel:* Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

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

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## General Fund Operating Statement

The following sets forth in condensed form the results of the District's general operating fund for the previous five fiscal years. The summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements for the year ended April 30, 2021. The values in the 2022 column are unaudited and compiled from the District's bookkeeper's report from April 19, 2022. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended April 30					
	2022 (a)	2021	2020	2019	2018	2017
<b>Revenues</b>						
Property taxes	\$ 428,900	\$ 296,005	\$ 555,887	\$ 386,126	\$ 173,498	\$ 51,106
Interest and other	<u>344</u>	<u>442</u>	<u>2,810</u>	<u>1,481</u>	<u>561</u>	<u>31</u>
Total Revenues	\$ 429,244	\$ 296,447	\$ 558,697	\$ 387,607	174,059	\$ 51,137
<b>Expenditures</b>						
Director fees	\$ 6,600	\$ 9,216	\$ 8,235	\$ 7,912	\$ 6,136	\$ 7,589
Legal fees	179,014	161,593	296,198	186,422	60,983	65,839
Engineering fees	5,923	62,536	23,280	16,585	14,145	15,403
Audit fees	12,000	11,000	10,500	8,500	7,500	6,500
Bookkeeping fees	18,400	18,625	18,750	16,800	9,750	7,600
Tax appraisal collection fees	1,963	2,388	2,560	1,547	681	129
Insurance	7,600	6,653	5,587	5,465	4,427	-
Public notice	410	409	409	538	-	-
Other	<u>1,882</u>	<u>48</u>	<u>2,059</u>	<u>583</u>	<u>1,037</u>	<u>589</u>
Total Expenditures	\$ 433,792	\$ 272,468	\$ 367,578	\$ 244,352	\$ 104,659	\$ 103,649
Revenues Excess (Deficiency)	\$ 195,452	\$ 23,979	\$ 191,119	\$ 143,255	\$ 69,400	\$ (52,512)
Developer Advances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,750	\$ 68,000
Net Change in Fund Balance	\$ 195,452	\$ 23,979	\$ 191,119	\$ 143,255	\$ 135,150	\$ 15,488

(a) Unaudited.

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## **Agreements with the City**

### *Consent Agreement*

The District is party to that certain Consent Agreement, as amended (the “Consent Agreement”), entered into by and among the City; Wolf Legacy, L.P., predecessor to the Developer in title to the original lands of the District and of Williamson County Municipal Utility District No. 29 (“MUD 29” and the lands of the District and MUD 29 being the “Land”); owners of the Guy Tract (defined below); the Developer; the District; and MUD 29.

In the Consent Agreement, as originally executed, the City consented to the creation of the District and MUD 29; annexed the Land into the corporate limits of the City; and agreed not to dissolve the District or MUD 29 until such time as one of the following occurs: (i) water, sanitary sewer, and drainage facilities sufficient to serve 90% of the Land have been completed and the Developer has been reimbursed by the District and MUD 29 to the maximum extent permitted by rules of the TCEQ or the City assumes such obligation for reimbursement under said rules or (ii) twenty-five (25) years have elapsed since the effective date of the Consent Agreement. The Consent Agreement, as amended, identifies approximately 366 additional acres of land adjacent to the District and MUD 29 (the “Guy Tract”) that has been acquired by the Developer, formalizes the City’s consent to the annexation of the Guy Tract into the boundaries of the District and/or MUD 29, and incorporates the Guy Tract into the definition of the Land for the purposes of the Consent Agreement.

The Consent Agreement also provides the purposes for which the District is authorized to issue bonds. Such purposes include those for the construction or acquisition of water, sewer, and drainage systems; roads and improvements in aid thereof; and parks and recreational facilities serving the District.

### *Chapter 552 Agreement*

The District is party to that certain Chapter 552 Agreement, as amended, entered into by and between the District and the City (the “552 Agreement”). The 552 Agreement identifies certain public improvements, such as water, sewer, and drainage facilities, roadways, and park and recreational improvements (the “Public Improvements”), that the District intends to construct to service development within its boundaries and that will also provide a public benefit to the City by extending and improving the City’s existing public infrastructure. The 552 Agreement is dated effective June 16, 2015, and shall remain in effect until the earlier of dissolution of the District or until such time as payments of the Rebate (defined below) accumulate to an amount equal to \$25,000,000 (the “Maximum Reimbursement Amount”).

In the 552 Agreement, the District agrees to acquire or construct the Public Improvements, which, upon completion, are to be conveyed to the City, and the City agrees to pay to the District, from the collection of taxes that are levied and received by the City and attributable to taxable property located the District, an amount equal to \$0.15 per \$100 of taxable assessed value (the “Rebate”) on an annual basis, but in no event shall such annual payments of the Rebate exceed the Maximum Reimbursement Amount. The initial payment of the Rebate to the District by the City occurred in September of 2018, and all subsequent payments of the Rebate during the term of the 552 Agreement will be paid on or before March 31 of each calendar year.

The 552 Agreement requires that the District deposit payments of the Rebate into an infrastructure fund that may be used for all costs associated with the Public Improvements, for payment of debt service on bonds (including the Bonds) that the District may issue for the purposes authorized under the Consent Agreement, and for no other purposes. The District intends to use the Rebate for payment of a portion of the debt service on the Bonds and the Outstanding Bonds, however the Rebate is not pledged to payment of debt service on the Bonds or the Outstanding Bonds.

### *Development Agreement*

The District is also subject to the terms of that Development Agreement dated effective August 19, 2014, entered into by the City and the above-referenced predecessor to the Developer (the “Development Agreement”). Among other provisions, the Development Agreement provides certain requirements and standards for the intended development of the Land and establishes the terms and agreement of the parties for the construction of public infrastructure necessary to serve development of the Land. See “THE UTILITY SYSTEM” and “THE ROAD SYSTEM.”

## DEVELOPMENT OF THE DISTRICT

To date, approximately 323.418 acres within the District have been developed as 845 total single-family lots in the residential subdivisions of Wolf Ranch West, Section 1A, Phases 1, 2, and 3; Wolf Ranch West, Section 2, Phases 1 and 2; Wolf Ranch West, Section 3, Phase 1 and 2; and Wolf Ranch West, Section 4A. As of May 11, 2022, the District included approximately 556 completed homes (approximately 527 occupied, 20 unoccupied, and 9 model homes); approximately 83 homes under construction; and approximately 206 vacant developed lots. The District also includes two multi-family residential properties. Approximately 47.950 acres in the District have been subdivided as Wolf Ranch West, Section 1B, which includes the following multi-family developments that are complete and actively leasing: Bexley Wolf Ranch, a 332-unit project, and Retreat at Wolf Ranch, a 303-unit complex.

The District consists of approximately 378.485 total acres. The subdivisions referenced above encompass approximately 371.368 acres within the District. The remainder of the District, approximately 7.117 acres, are developable lands that are planned for additional residential subdivisions and commercial parcels.

### Status of Development within the District

The following is a summary of the status of construction of single-family housing within the District as of May 11, 2022:

Wolf Ranch West	Section Acreage	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Section 1A, Phase 1	20.831	25	23	1	1
Section 1A, Phase 2	12.303	29	29	0	0
Section 1A, Phase 3	45.057	159	152	4	3
Section 2, Phase 1	2.629	9	8	0	1
Section 2, Phase 2	56.982	164	150	14	0
Section 3, Phase 1	61.738	137	81	41	15
Section 3, Phase 2	56.615	148	0	0	148
Section 4A	67.263	174	113	23	38
Totals	323.418	845	556	83	206
Single-Family Developed	323.418				
Multi-Family Developed	47.950				
Total Developed (a)	371.368				
Remaining Developable	7.117				
District Total	378.485				

(a) Reflects total acreage within the existing subdivisions in the District and includes a total of approximately 140.195 acres dedicated to the following: drainage easements (approximately 13.928 acres), parkland and open spaces (approximately 62.653 acres), roads (approximately 49.984 acres), an amenity center (approximately 2.229 acres), water quality and detention ponds (approximately 11.140 acres), and lift stations (approximately 0.261 acres).

### Homebuilders within the District

Homebuilders who are active in the District include Coventry Homes, David Weekley Homes, Drees Custom Homes, Highland Homes, and Perry Homes. Prices of homes being constructed in the District range from \$360,000–\$900,000.

### Lot-Sales Contracts

The Developer entered into lot-sales contracts with each of Coventry Homes, David Weekley Homes, Drees Custom Homes, M/I Homes, Perry Homes, and Wilshire Homes for the purchase of 209 lots located in Section 1A. According to the Developer, said homebuilders have purchased all 209 contracted lots in Section 1A of Wolf Ranch within the District. The Developer also entered into lot-sales contracts with each of Coventry Homes, David Weekley Homes, Drees Custom Homes, Perry Homes, and Wilshire Homes for the purchase of 172 lots located in Section 2 of Wolf Ranch. According to the Developer, said homebuilders have purchased all



172 of the contracted lots in Section 2 of Wolf Ranch. The Developer also entered into lot-sales contracts with each of Highland Homes and Coventry Homes for the purchase of 171 lots located in Section 4A of Wolf Ranch. According to the Developer, as of May 1, 2022, said homebuilders have purchased 171 of the contracted lots in Section 4A of Wolf Ranch. The Developer has entered into lot-sales contracts with each of David Weekley Homes, Drees Custom Homes, and Coventry Homes for the purchase of 134 lots located in Section 3, Phase 1, of Wolf Ranch. According to the Developer, as of May 1, 2022, said homebuilders have purchased 137 of the contracted lots in Section 3, Phase 1, of Wolf Ranch. The Developer has entered into lot-sales contracts with each of David Weekley Homes, Drees Custom Homes, and Coventry Homes for the purchase of 148 lots located in Section 3, Phase 2, of Wolf Ranch.

Generally, the contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically fifteen percent (15%) of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit. For those lots in Section 3B as noted above, the amount of earnest money on deposit is approximately \$2,440,000 as of June 1, 2022. According to the Developer, each of the builders is in compliance with their respective lot-sales contracts.

## **THE DEVELOPER**

### **Role of the Developer**

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

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

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

### **The Developer**

Lands within the District are being developed by Hillwood Development Company, LLC ("Hillwood"). Hillwood, a Perot Company, is a Dallas-based national real estate development company owned by H. Ross Perot, Jr., with over 30 years of experience developing land in Texas. Hillwood's development expertise and experience

encompasses diverse product types, including: sports arenas, high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities.

Hillwood has formed H4 WR, LP; H4WR Phase 1, LLC; H4WR Phase 2, LLC; H4WR Phase 4, LLC; H4WR Phase 3A, LLC; H4WR Phase 3B, LLC and other entities through which it owns and develops land in the District. Hillwood and its affiliates that own property in the District (such as H4 WR, LP; H4WR Phase 1, LLC; H4WR Phase 2, LLC; H4WR Phase 4, LLC; H4WR Phase 3A, LLC; and H4WR Phase 3B, LLC) are collectively referred to herein as the “Developer.”

### **Development Financing**

The Developer secured an approximate \$15,400,000 loan to fund the development of Phase 3B of Wolf Ranch within the District in May of 2021. As of May 15, 2022, the outstanding balance on the Phase 3B development loan was approximately \$10,400,000. The outstanding loan balance will be paid down with proceeds from homebuilder lot contracts that are scheduled to begin on a quarterly basis in May 2022 along with future bond reimbursement proceeds. According to the Developer, it is in compliance with all material conditions of the loan.

In January of 2022, the Developer obtained a \$30,000,000 Line of Credit from Third Coast Bank. The Line of Credit was used to refinance an outstanding land loan from Texas Capital Bank and is serving to partially fund development costs for various improvements located in the Williamson County MUD No. 29 region of the Wolf Ranch. As of May 15, 2022, the outstanding balance on the Line of Credit was approximately \$22,500,000. The Line of Credit is secured by lot contracts, future bond reimbursement and entitled land (residential and commercial tracts). According to the Developer, it is in compliance with all material conditions of the loan.

## **THE UTILITY SYSTEM**

### **Regulation**

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. According to the Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District’s waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

### **Water Supply**

The City provides utility services to the District in accordance with the terms of the Development Agreement. Under the Development Agreement, the City agrees to provide sufficient water supply to serve full development within the District and to own and maintain all public infrastructure necessary to provide such water supply. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for water service an amount equal to the rates charged by the City to other customers in the City’s corporate limits, identified in the City’s rate order as the “In-City MUD Rates.” The City may also charge a connection fee provided such fee is uniformly charged to other customers in the City’s corporate limits in the same customer class.

### **Wastewater Treatment**

Under the Development Agreement, the City agrees to provide wastewater treatment to serve full development within the District and will own and maintain all infrastructure that is necessary to provide such services. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City.

The City charges users in the District rates for sewer service in an amount equal to the rates charged by the City to other customers in the City’s corporate limits, identified in the City’s rate order as the “In-City MUD

Rates.” The City may also charge a connection fee provided such fee is uniformly charged to other customers in the City’s corporate limits in the same customer class.

### **Drainage**

Storm water for the portion of the District located north of State Highway 29 is collected through an underground system of lines that flows in a northerly direction leading to water quality ponds and eventually to the North San Gabriel River. The District lies partially within the Edwards Aquifer Recharge Zone and therefore was required to construct a water quality pond in Wolf Ranch West, Section 1A. Proceeds from the sale of the Bonds will be used to reimburse the Developer for certain expenditures related to the construction of the internal storm drainage system and water quality facilities that service said residential section.

Storm water for the portion of the District located south of State Highway 29 is collected through an underground system of lines that flows in a southerly direction leading to water quality ponds and eventually to the South San Gabriel River.

### **100 Year Flood Plain**

According to the Federal Emergency Management Agency Map Panel No. 48491C0290E dated September 26, 2008, approximately 13.1 acres within the District are located in the 100-year flood plain. Such acreage is not considered to be developable.

### **THE ROAD SYSTEM**

The residential sections that have been developed in the District to date are served by certain segments of Wolf Ranch Parkway that are designated as collector roadway on the thoroughfare pane of the City. The internal subdivision streets of the developed sections in the District direct residents to Wolf Ranch Parkway. Wolf Ranch Parkway extends beyond the District’s boundaries and connects to Rivery Boulevard on the north and State Highway 29 on the south, both of which provide access to Interstate Highway 35. The design and construction of all roadways and associated improvements within the District is subject to the specifications and terms of the Development Agreement.

*[Remainder of this page intentionally left blank]*

**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**  
**(May 2022)**



## DISTRICT DEBT

### Debt Service Requirement Schedule

The following schedule sets forth the total debt service requirements of the District as of the delivery of the Bonds, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year	Outstanding Debt Service (a)	The Utility Bonds			The Road Bonds			Total Debt Service
		Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
2022	\$ 1,371,017	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 1,371,017
2023	2,048,634	-	420,241	420,241	-	278,965	278,965	2,747,840
2024	2,060,884	205,000	355,969	560,969	65,000	236,300	301,300	2,923,153
2025	2,067,059	215,000	345,719	560,719	70,000	233,050	303,050	2,930,828
2026	2,079,504	225,000	334,969	559,969	75,000	229,550	304,550	2,944,023
2027	2,100,944	230,000	323,719	553,719	70,000	225,800	295,800	2,950,463
2028	2,111,094	240,000	312,219	552,219	75,000	222,300	297,300	2,960,613
2029	2,129,506	250,000	300,219	550,219	70,000	218,550	288,550	2,968,275
2030	2,136,156	265,000	287,719	552,719	75,000	215,050	290,050	2,978,925
2031	2,156,431	275,000	274,469	549,469	75,000	211,300	286,300	2,992,200
2032	2,175,119	285,000	263,469	548,469	75,000	207,550	282,550	3,006,138
2033	2,181,050	300,000	252,069	552,069	80,000	203,800	283,800	3,016,919
2034	2,195,781	310,000	240,069	550,069	75,000	199,800	274,800	3,020,650
2035	2,213,444	325,000	227,669	552,669	80,000	196,800	276,800	3,042,913
2036	2,223,031	340,000	214,669	554,669	75,000	193,600	268,600	3,046,300
2037	2,241,031	350,000	201,069	551,069	80,000	190,600	270,600	3,062,700
2038	2,254,906	370,000	187,069	557,069	80,000	187,300	267,300	3,079,275
2039	2,266,325	385,000	172,269	557,269	85,000	184,000	269,000	3,092,594
2040	2,274,269	400,000	156,869	556,869	85,000	180,494	265,494	3,096,631
2041	2,284,929	415,000	140,369	555,369	85,000	176,988	261,988	3,102,285
2042	2,303,088	435,000	123,250	558,250	85,000	173,481	258,481	3,119,819
2043	2,313,501	455,000	104,763	559,763	95,000	169,869	264,869	3,138,133
2044	1,651,481	470,000	85,425	555,425	220,000	165,831	385,831	2,592,738
2045	728,716	490,000	65,450	555,450	225,000	156,481	381,481	1,665,648
2046	552,450	515,000	44,625	559,625	415,000	146,919	561,919	1,673,994
2047	-	535,000	22,738	557,738	680,000	128,763	808,763	1,366,500
2048	-	-	-	-	710,000	99,013	809,013	809,013
2049	-	-	-	-	740,000	67,950	807,950	807,950
2050	-	-	-	-	770,000	34,650	804,650	804,650
Total	\$ 50,120,349	\$ 8,285,000	\$ 5,457,078	\$ 13,742,078	\$ 5,315,000	\$ 5,134,753	\$ 10,449,753	\$ 74,312,181

(a) Outstanding debt service at the delivery of the Bonds.

Average Annual Debt Service Requirement (2022–2050) ..... \$2,562,489

Maximum Annual Debt Service Requirement (2043) ..... \$3,138,133

## Bonded Indebtedness

2021 Taxable Assessed Valuation.....	\$ 314,355,768	(a)
2022 Preliminary Valuation .....	\$ 467,856,525	(b)
Estimate of Value as of April 1, 2022.....	\$ 495,200,000	(c)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds).....	\$ 36,420,000	
The Utility Bonds .....	\$ 8,285,000	
The Road Bonds .....	<u>\$ 5,315,000</u>	
Total.....	\$ 50,020,000	
Estimated Overlapping Debt .....	<u>\$ 26,613,335</u>	(d)
Total Direct and Estimated Overlapping Debt .....	\$ 76,633,335	(d)
Direct Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation.....	15.91	%
As a percentage of the 2022 Preliminary Valuation .....	10.69	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	10.10	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation.....	24.38	%
As a percentage of the 2022 Preliminary Valuation .....	16.38	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	15.48	%
Utility System Debt Service Fund Balance (as of May 16, 2022) .....	\$ 1,315,716	(e)
Road System Debt Service Fund Balance (as of May 16, 2022).....	\$ 404,391	(f)
General Operating Fund Balance (as of May 16, 2022).....	\$ 605,824	
2021 Tax Rate per \$100 of Taxable Assessed Valuation		
Utility System Debt Service .....	\$0.390	(g)
Road System Debt Service .....	\$0.125	(g)
Maintenance and Operation.....	<u>\$0.135</u>	
Total.....	\$0.650	

- 
- (a) Represents the taxable assessed valuation as of January 1, 2021, of all taxable property in the District, as certified by the Williamson Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Represents the preliminary determination of the taxable value in the District as of January 1, 2022, provided by the Appraisal District. This value includes \$26,770,629, which is 100% of the amount under arbitration by the Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2022, and includes an estimate of additional taxable value resulting from additional of taxable improvements constructed in the District through April 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (e) In addition to this amount, six (6) months of capitalized interest on the Utility Bonds will be deposited into this fund upon closing and delivery of the Utility Bonds. Neither Texas law nor the Utility Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).
- (f) In addition to this amount, six (6) months of capitalized interest on the Bonds will be deposited into this fund upon closing and delivery of the Bonds. Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined).
- (g) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Source of Payment" and "THE DISTRICT – Agreements with the City."

## Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt May 31, 2022	Overlapping	
		Percent	Amount
Williamson County	\$ 1,028,875,000	0.37%	\$ 3,805,264
City of Georgetown	380,810,000	2.84%	10,797,869
Georgetown Independent School District	565,470,000	2.12%	<u>12,010,202</u>
Total Estimated Overlapping Debt .....			\$ 26,613,335
The District (a) .....			<u>\$ 50,020,000</u>
Total Direct & Estimated Overlapping Debt (a) .....			\$ 76,633,335

## Debt Ratios

### Ratios of Direct Debt (a):

As a percentage of the 2021 Taxable Assessed Valuation.....	15.91	%
As a percentage of the 2022 Preliminary Valuation .....	10.69	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	10.10	%

### Ratios of Direct and Estimated Overlapping Debt (a):

As a percentage of the 2021 Taxable Assessed Valuation.....	24.38	%
As a percentage of the 2022 Preliminary Valuation .....	16.38	%
As a percentage of the Estimate of Value as of April 1, 2022 .....	15.48	%

(a) Includes the Outstanding Bonds and the Bonds.

## TAXING PROCEDURES

### Authority to Levy Taxes

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

## **Property Tax Code and County-Wide Appraisal District**

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

## **Property Subject to Taxation by the District**

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

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

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

***Residential Homestead Exemptions:*** The Property Tax Code authorizes the governing body of each political subdivision in the state to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been



pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

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

### **Tax Abatement**

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

### **Valuation of Property for Taxation**

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market

value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

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

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

### **District and Taxpayer Remedies**

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

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

### **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid

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

### **Tax Payment Installments After Disaster**

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

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

### **Rollback of Operation and Maintenance Tax Rate**

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

#### *Special Taxing Units*

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

#### *Developed Districts*

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average

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

#### *Developing Districts*

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

#### *The District*

For the 2021 tax year, the District has designated itself as a Developing District. For future years, a determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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.

### **TAX DATA**

#### **General**

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Resolution, the Board covenants to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS."

In 2021, the District levied a total tax rate of \$0.650 per \$100 of taxable assessed valuation composed of the following: a tax in the amount of \$0.135 for maintenance and operations purposes; a tax in the amount of \$0.390 for payment of debt service on the Outstanding Bonds issued for the Utility System; and a tax in the amount of \$0.125 for payment of debt service on the Outstanding Bonds issued for the Road System. The District is authorized to levy separate debt service taxes, both unlimited as to rate or amount, for payment of debt service on bonds issued for the Utility System, including the Bonds, and for payment of debt service on bonds issued for the Road System.

#### **Tax Rate Limitation**

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance General:	\$1.20 per \$100 taxable assessed valuation.
Maintenance Road:	\$0.25 per \$100 taxable assessed valuation.

#### **Maintenance Tax**

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.20 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for

paying principal of and interest on the Bonds and any parity bonds which have been issued or may be issued in the future. See “Tax Rate Distribution” below.

### **Additional Penalties**

The Tax Assessor/Collector has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of fifteen percent (15%) of the tax to defray the costs of collection. This fifteen percent (15%) penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Property Tax Code.

### **Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per \$100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District’s tax base occurs beyond the taxable assessed valuation as of January 1, 2021 (\$314,355,768), the preliminary valuation as of January 1, 2022 (\$467,856,525), or the estimate of value as of April 1, 2022 (\$495,200,000). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2022–2050) .....	\$2,562,489
Combined Debt Service Tax Rate of \$0.86 on the 2021 Taxable Assessed Valuation produces.....	\$2,568,287
Combined Debt Service Tax Rate of \$0.58 on the 2022 Preliminary Valuation produces .....	\$2,577,889
Combined Debt Service Tax Rate of \$0.55 on the Estimate of Value as of April 1, 2022, produces.....	\$2,587,420
Maximum Annual Debt Service Requirement (2043).....	\$3,138,133
Combined Debt Service Tax Rate of \$1.06 on the 2021 Taxable Assessed Valuation produces.....	\$3,165,563
Combined Debt Service Tax Rate of \$0.71 on the 2022 Preliminary Valuation produces .....	\$3,155,692
Combined Debt Service Tax Rate of \$0.67 on the Estimate of Value as of April 1, 2022, produces.....	\$3,151,948

The combined debt service tax rates above are the amounts necessary to meet the requirement of debt service based on the corresponding valuation of the District and a collection rate of 95%. Such amounts do not reflect the District’s use of funds from the Rebate towards payment of debt service on the Bonds and the Outstanding Bonds. Should the District apply all funds that it receives from the Rebate towards payment of debt service of the Bonds and the Outstanding Bonds during each year that the Bonds and the Outstanding Bonds remain outstanding, then, based on the amount of Rebate due from the corresponding valuation of the District and 95% collections, the necessary amount of each combined debt service tax rate will be \$0.15 less than the amount noted above. While the District intends to use the Rebate to pay a portion of the debt service on the Bonds, the Rebate is not pledged to the payment of debt service on the Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”

### **Estimated Overlapping Taxes**

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

Set forth below is an estimation of all 2021 taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions. A small, undeveloped tract of land (approximately 0.749 acres) within the District is also located within the boundaries of Williamson County Municipal Utility District No. 29, which does levy an ad valorem tax, at a 2021 tax rate of \$0.65 per \$100 of assessed valuation.

<u>Taxing Jurisdiction</u>	<u>2021 Tax Rate</u>
The District	\$0.650000
Williamson County	0.400846
Williamson County Road	0.040000
City of Georgetown (a)	0.401000
Georgetown Independent School District	<u>1.231000</u>
Total Tax Rate	\$2.722846

(a) See "THE DISTRICT – Agreements with the City."

### Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 03/31/22
2015	\$ 1,280,376	\$ 0.65	\$ 8,322	100.00%	2016	100.00%
2016	5,144,353	0.65	33,438	100.00	2017	100.00
2017	25,848,954	0.65	168,018	99.71	2018	100.00
2018	96,441,660	0.65	626,871	100.00	2019	100.00
2019	169,348,828	0.65	1,100,767	99.93	2020	100.00
2020	234,919,275	0.65	1,526,975	98.70	2021	99.85
2021	314,355,768	0.65	2,043,312	98.70 (a)	2022	98.70 (a)

(a) For the 2021 tax year, represents collections through April 30, 2022.

### Tax Rate Distribution

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Utility System Debt Service	\$0.3900	\$0.4350	\$0.3000	\$0.2500	\$0.0000
Road System Debt Service	\$0.1250	\$0.0900	\$0.0500	\$0.0500	\$0.0000
Maintenance and Operations	<u>\$0.1350</u>	<u>\$0.1250</u>	<u>\$0.3000</u>	<u>\$0.3500</u>	<u>\$0.6500</u>
	\$0.6500	\$0.6500	\$0.6500	\$0.6500	\$0.6500

### Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2017–2021 tax rolls as certified by the Appraisal District.

Type of Property	<u>2021 Taxable Assessed Valuation</u>	<u>2020 Taxable Assessed Valuation</u>	<u>2019 Taxable Assessed Valuation</u>	<u>2018 Taxable Assessed Valuation</u>	<u>2017 Taxable Assessed Valuation</u>
Land	\$ 80,062,717	\$ 68,717,040	\$ 48,798,747	\$ 30,692,587	\$ 23,653,734
Improvements	252,098,924	172,963,942	124,574,257	67,013,685	3,228,577
Personal Property	1,929,759	2,534,918	1,007,228	242,992	143,466
Exemptions	<u>(19,735,632)</u>	<u>(9,296,625)</u>	<u>(5,031,404)</u>	<u>(1,507,604)</u>	<u>(1,176,823)</u>
Total	\$314,355,768	\$234,919,275	\$169,348,828	\$ 96,441,660	\$ 25,848,954

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## Principal Taxpayers

The following are the principal taxpayers in the District as shown on the Appraisal District's original certification of the appraisal rolls for the 2021 tax year. The values and percentages below are subject to adjustment due to supplemental certifications of the 2021 appraisal rolls by the Appraisal District.

Taxpayer	Types of Property	Taxable Value 2021 Tax Roll	Percent of District Value
WMCI Austin VII LLC & WMCI Austin VII-B LLC (a)	Land & Improvements	\$ 53,165,000	16.91%
Wolf Ranch TIC LLC & Wolf Ranch Apartments LLC (a)	Land & Improvements	49,000,000	15.59
MHI Partnership LTD (b)	Land, Improvements & Personal	8,983,998	2.86
H4WR Phase 3A LLC (c)	Land	3,899,465	1.24
EVC Georgetown LP	Land, Improvements & Personal	3,411,228	1.09
Weekley Homes LLC (b)	Land, Improvements & Personal	2,500,973	0.80
Drees Custom Homes LP (b)	Land, Improvements & Personal	2,438,454	0.78
MHI Models LTD (b)	Land, Improvements & Personal	1,627,485	0.52
Highland Homes - Austin LTD (b)	Land, Improvements & Personal	1,425,000	0.45
Drees Custom Homes LP (b)	Land, Improvements & Personal	<u>1,129,212</u>	<u>0.36</u>
		\$127,580,815	40.58%

(a) Such entity is an owner of property that includes a multi-family development.

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

(c) See "THE DEVELOPER."

## INVESTMENT CONSIDERATIONS

### General

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

### Factors Affecting Taxable Values and Tax Payments

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

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

growth of taxable values in the District and result in higher tax rates. See “DEVELOPMENT OF THE DISTRICT,” “THE DEVELOPER,” and “TAX DATA – Principal Taxpayers.”

**Dependence on Principal Taxpayers:** The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. As illustrated in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” for the 2021 tax year, the District’s principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 40.58% of the District’s total taxable assessed valuation as of original certification of the 2021 appraisal rolls. In the event that the Developer, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See “TAX DATA – Principal Taxpayers” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

**Maximum Impact on District Tax Rates:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2021, of all taxable property located within the District is \$314,355,768, the preliminary valuation as of January 1, 2022, is \$467,856,525, and the estimate of value as of April 1, 2022, is \$495,200,000. See “TAX DATA.” After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (hereinafter defined) and the Bonds (2043) is \$3,138,133, and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2022–2050) is \$2,562,489. Assuming no decrease to the District’s taxable assessed valuation as of January 1, 2021, combined debt service tax rates of \$1.06 and \$0.86 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease to the District’s preliminary valuation as of January 1, 2022, combined debt service tax rates of \$0.71 and \$0.58 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the estimate of value as of April 1, 2022, combined debt service tax rates of \$0.67 and \$0.55 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

In 2021, the District levied a total tax rate of \$0.650 per \$100 of taxable assessed valuation composed of the following: a tax in the amount of \$0.135 for maintenance and operations purposes; a tax in the amount of \$0.390 for payment of debt service on the Outstanding Bonds issued for the Utility System; and a tax in the amount of \$0.125 for payment of debt service on the Outstanding Bonds issued for the Road System. The District is authorized to levy separate debt service taxes, both of which unlimited as to rate or amount, for road debt and water and sewer debt. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

In addition to the revenues that the District will receive from its annual levy of a tax for payment of debt service on the Bonds, the District anticipates that a portion of the debt service on the Bonds will be paid with the Rebate that the District will receive from the City under the terms of the 552 Agreement. Until payments of the Rebate accumulate to the Maximum Reimbursement Amount of \$25,000,000 or the 552 Agreement otherwise expires under its provisions, the Rebate is to be paid to the District by the City on an annual basis in an amount that is equal to the tax revenues received by the City that are attributable to taxable property located within the District from a tax in the amount of \$0.15 per \$100 of taxable assessed valuation, which represents \$0.15 per \$100 of taxable assessed valuation out of the amount of the total tax rate to be levied annually by the City upon all taxable property within the District. While the District intends to use the Rebate to pay a portion of debt service on the Bonds, the Rebate is not pledged



to the payment of debt service on the Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”

### **Competitive Nature of Austin Residential Housing Market**

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

### **Tax Collection Limitations**

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

### **Registered Owners’ Remedies and Bankruptcy**

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

### **Marketability**

The District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (the “Initial Purchaser”) regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of

the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

### **Future Debt**

The Utility Bonds are the fifth series of bonds to be issued by the District out of an aggregate \$69,810,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing the Utility System and for the refunding of bonds issued by the District for the Utility System. Following issuance of the Bonds, \$33,530,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for the refunding of bonds issued for the Utility System, will remain authorized but unissued.

The Road Bonds are the fourth series of bonds to be issued by the District out of an aggregate \$14,755,000 principal amount of unlimited tax bonds authorized by the District’s voters for the Road System and for the refunding of such bonds issued by the District for the Road System. Following issuance of the Road Bonds there will be zero principal amount of unlimited tax bonds for acquiring or constructing the Road System, and for the refunding of such bonds, will remain authorized but unissued.

In addition, the District’s voters have also authorized the issuance of \$34,580,000 unlimited tax bonds for the purpose of the Park System and for refunding of such bonds. In addition, voters of the District have authorized the District’s issuance of \$34,580,000 principal amount unlimited tax bonds for the Park System. To date, the District has issued no bonds from such voted authorization.

Following issuance of the Bonds, the District has the right to issue the remaining \$33,530,000 unlimited tax bonds authorized but unissued for the Utility System and for the refunding of such bonds and the remaining \$34,580,000 unlimited tax bonds authorized but unissued for the Park System and for refunding of such bonds; and any additional bonds as may hereafter be approved by both the Board and voters of the District. See “THE BONDS – Issuance of Additional Debt.” The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Resolution. Issuance of the remaining \$33,530,000 principal amount of unlimited tax bonds for the Utility System and the \$34,580,000 principal amount of unlimited tax bonds authorized for the Park System shall be subject to prior approval by the TCEQ. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District’s certified taxable assessed valuation, unless effective June 14, 2021, 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 (1%) but not three percent (3%) of the value of the taxable property in the District.

Following issuance of the Bonds, the District will owe the Developer approximately \$1,746,264 for expenditures to construct the Utility System, \$0 for expenditures to construct the Road System, and approximately \$1,373,665 for expenditures to construct the Park System in the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

### **Continuing Compliance with Certain Covenants**

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

### **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, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained herein.

### **Environmental Regulations**

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

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

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

*Air Quality Issues.* Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the TCEQ may impact new industrial, commercial and residential development in the 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 three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (“the 1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (“the 2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (“the 2015 Ozone Standard”).

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking

water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, 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. It 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 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice of Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United

States.” Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

### **Potential Impact of Natural Disaster**

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

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

### **Specific Flood Type Risks**

The District may be subject to the following risks:

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

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

### **Infectious Disease Outbreak – COVID-19**

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in Texas and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Since such time, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within Texas. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional

information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of COVID-19 associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

### **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.

### **Bond Insurance Risk Factors**

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

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims

paying ability of the Bond Insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE” herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

## **LEGAL MATTERS**

### **Legal Opinions**

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied 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 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 income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

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

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

### **No-Litigation Certificate**

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

### **No Material Adverse Change**

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

## **TAX MATTERS**

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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 purpose, and in addition, will rely on representations by the District and the Initial Purchaser with respect to matters solely within the knowledge of the District and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

### **Tax Accounting Treatment of Original Issue Discount Bonds**

The issue price of certain of the Bonds is less than the stated redemption price at maturity (the “Original Issue Discount Bonds”). 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 an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

### **Not Qualified Tax-Exempt Obligations**

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

### **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Resolutions, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its 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 “DISTRICT DEBT,” “TAX DATA,” and in “APPENDIX A.” The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to the MSRB.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District’s current fiscal year end is April 30. Accordingly, it must provide updated information by the last day in October in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

## **Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

## **Availability of Information from EMMA**

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

## **Limitations and Amendments**

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the United States Securities and Exchange Commission amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

## **Compliance with Prior Undertakings**

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## **OFFICIAL STATEMENT**

### **General**

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

### **Experts**

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

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

### **Certification as to Official Statement**

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

### **Updating of Official Statement**

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

### **CONCLUDING STATEMENT**

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

This Official Statement was approved by the Board of Directors of Williamson County Municipal Utility District No. 28 as of the date shown on the cover page hereof.

/s/ William S. Minick  
Vice President, Board of Directors  
Williamson County Municipal Utility District No. 28

ATTEST:

/s/ M. Scott Norman Jr.  
Secretary, Board of Directors  
Williamson County Municipal Utility District No. 28

**APPENDIX A**  
**FINANCIAL STATEMENTS OF THE DISTRICT**

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28**

**FOR THE YEAR ENDED  
APRIL 30, 2021**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2021**

# WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF WILLIAMSON }

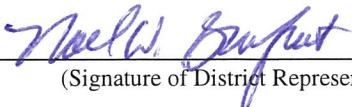
I, Noel W. Barfoot of the  
(Name of Duly Authorized District Representative)  
Williamson County Municipal Utility District No. 28  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 23rd day of August, 2021, its annual audit report for the fiscal year ended April 30, 2021 and that copies of the annual audit report have been filed in the district office, located at

1108 Lavaca Street, Suite 510 – Austin, TX 78701  
(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: September 9, 2021.

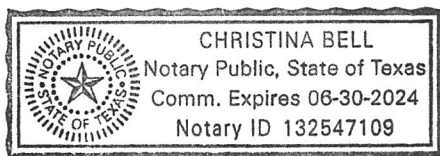
By:   
(Signature of District Representative)

Noel W. Barfoot, Auditor

(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the 9th day of September, 2021.

(Seal)



  
(Signature of Notary)

My Commission Expires On: June 30, 2024.  
Notary Public in the State of Texas.

# **INDEPENDENT AUDITOR'S REPORT**

# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

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Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

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(512) 610-2209  
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E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

Board of Directors  
Williamson County Municipal  
Utility District No. 28  
Williamson County, Texas

## **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Municipal Utility District No. 28 (the "District"), as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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 April 30, 2021, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

August 23, 2021

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2021**

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Williamson County Municipal Utility District No. 28 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended April 30, 2021. Since this information is designed to focus on current period activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- *General Fund:* At the end of the current fiscal year, the General Fund had a balance of \$491,547. For the year ended April 30, 2021, General Fund revenues were \$296,447 and expenditures were \$272,468, resulting in an increase in fund balance of \$23,979 since the prior fiscal year.
- *Debt Service Fund:* At the end of the current fiscal year, the Debt Service Fund had a balance of \$1,683,651. For the year ended April 30, 2021, Debt Service Fund revenues, including bond proceeds of \$181,693, were \$1,674,965 and expenditures were \$1,088,673.
- *Capital Projects Fund:* The Capital Projects Fund had a \$211,991 decrease in fund balance since the prior fiscal year. The District issued \$8,970,000 of Unlimited Tax Bonds and \$3,225,000 of Unlimited Tax Road Bonds during the current fiscal year. The District also issued a bond anticipation note for \$2,835,000 to fund the purchase of infrastructure assets and issued unlimited tax bonds in fiscal year 2022 to repay the bond anticipation note. Proceeds from the bond issues and bond anticipation note were used to purchase \$8,196,947 of infrastructure and pay \$319,667 for developer interest in addition to debt and bond anticipation note issuance expenditures.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$2,105,654. Net position decreased from a prior year deficit balance of \$2,560,835 to a deficit balance of \$4,666,489 at the end of the current fiscal year.

**OVERVIEW OF THE DISTRICT**

The District was created by Order of the Texas Commission on Environmental Quality dated April 23, 2015. The District operates under Chapters 49 and 54 of the Texas Water Code. The District was created under the provisions of Article XVI, Section 59, of the Texas Constitution.

The creation of the District was confirmed in an election held within the District on November 3, 2015. The District consists of 378.485 acres, and is located within the corporate limits of the City of Georgetown in Williamson County. The District is located west of the intersection of Interstate Highway 35 and State Highway 29.

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2021**

**USING THIS ANNUAL REPORT**

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

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

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

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

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

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



**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	<u>Summary Statement of Net Position</u>		
	Governmental Activities		Change Increase (Decrease)
	2021	2020	
Current and other assets	\$ 2,393,743	\$ 2,066,964	\$ 326,779
Intangible assets	18,778,364	12,492,754	6,285,610
Capital assets	4,023,115	3,137,472	885,643
Total Assets	25,195,222	17,697,190	7,498,032
Current Liabilities	3,606,772	5,542,180	(1,935,408)
Long-term Liabilities	26,254,939	14,715,845	11,539,094
Total Liabilities	29,861,711	20,258,025	9,603,686
Net Investment in Capital Assets	(6,786,262)	(4,091,430)	(2,694,832)
Restricted	1,626,619	1,059,873	566,746
Unrestricted	493,154	470,722	22,432
Total Net Position	\$ (4,666,489)	\$ (2,560,835)	\$ (2,105,654)

As of April 30, 2021, the District had total assets of \$25,195,222 and total liabilities of \$29,861,711 resulting in a negative net position balance of \$4,666,489.

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

The following table reflects the condensed Statement of Activities:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2021	2020	
Property taxes	\$ 1,530,600	\$ 1,101,838	\$ 428,762
Property tax reimbursements	258,759	146,254	112,505
Other	2,390	28,986	(26,596)
<b>Total Revenues</b>	<b>1,791,749</b>	<b>1,277,078</b>	<b>514,671</b>
Debt issuance expenditures	1,473,542	844,428	629,114
Repair and maintenance	327,315	-	327,315
Professional fees	253,754	348,728	(94,974)
Other	24,138	21,531	2,607
Bond interest/Fiscal Agent Fees	792,960	568,823	224,137
Depreciation and amortization	1,025,694	610,539	415,155
<b>Total Expenses</b>	<b>3,897,403</b>	<b>2,394,049</b>	<b>1,503,354</b>
 <b>Change in Net Position</b>	 (2,105,654)	 (1,116,971)	 (988,683)
 <b>Beginning Net Position</b>	 (2,560,835)	 (1,443,864)	 (1,116,971)
 <b>Ending Net Position</b>	 \$ (4,666,489)	 \$ (2,560,835)	 \$ (2,105,654)

Revenues were \$1,791,749 for the year ended April 30, 2021, while expenses were \$3,897,403 resulting in a decrease in net position of \$2,105,654.

Property tax revenue in the current period was \$1,530,600. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2020 tax year were based upon a current adjusted assessed value of \$235,301,681 and a tax rate of \$0.65 per \$100 of assessed valuation. Property taxes levied for the 2019 tax year were based upon an adjusted assessed value of \$169,771,242 and a tax rate of \$0.65 per \$100 of assessed valuation.

**WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 28  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2021**

**ANALYSIS OF GOVERNMENTAL FUNDS**

	<u>Governmental Funds by Year</u>			
	2021	2020	2019	2018
Cash and cash equivalents	\$ 2,269,490	\$ 1,992,383	\$ 1,301,927	\$ 285,198
Receivables and prepaids	181,636	137,326	165,695	52,526
Total Assets	2,451,126	2,129,709	1,467,622	337,724
Accounts payable	10,416	38,159	40,567	9,339
Other payables	69,956	120,600	101,298	57,426
Bond anticipation note payable	-	-	-	4,830,000
Total Liabilities	80,372	158,759	141,865	4,896,765
Deferred Inflows of Resources	8,358	6,834	51,820	488
Nonspendable	7,600	6,334	-	-
Restricted	1,870,849	1,496,548	997,488	-
Unassigned	483,947	461,234	276,449	(4,559,529)
Total Fund Balance	2,362,396	1,964,116	1,273,937	(4,559,529)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,451,126	\$ 2,129,709	\$ 1,467,622	\$ 337,724

For the fiscal year ended April 30, 2021, the District's General Fund reflects a fund balance of \$491,547.

The Debt Service Fund reflects a fund balance increase of \$586,292 in fiscal year 2021. The Debt Service Fund received \$181,693 of bond proceeds and remitted bond principal of \$330,000 and bond interest of \$751,634 during the current fiscal year. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a \$211,991 decrease in fund balance for the current period. The District issued \$8,970,000 of Unlimited Tax Bonds and \$3,225,000 of Unlimited Tax Road Bonds during the current fiscal year. The District also issued a bond anticipation note for \$2,835,000 to fund the purchase of infrastructure assets and issued unlimited tax bonds in fiscal year 2022 to repay the bond anticipation note. Proceeds from the bond issues and bond anticipation note were used to purchase \$8,196,947 of infrastructure and pay \$319,667 for developer interest in addition to debt and bond anticipation note issuance expenditures.

**BUDGETARY HIGHLIGHTS**

The *General Fund* pays for daily operating costs of the District. On April 20, 2020, the Board of Directors adopted a budget that included revenues of \$262,248 as compared to expenditures of \$261,930. When comparing actual to budget, the District had a positive variance of \$23,661.

# WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28 MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

## BUDGETARY HIGHLIGHTS (Continued)

More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

## CAPITAL ASSETS AND INTANGIBLE ASSETS

The District's governmental activities have invested \$22,801,479 in capital assets and intangible assets. The detail is reflected in the following schedules:

### Summary of Intangible Assets, net

	2021	2020
Intangible Assets:		
Right to Receive Service from:		
Water and Wastewater System	\$ 16,606,161	\$ 12,142,963
Roads	4,038,103	1,253,581
Less: Accumulated Amortization	(1,865,900)	(903,790)
Total Net Intangible Assets	<u>\$ 18,778,364</u>	<u>\$ 12,492,754</u>

### Summary of Capital Assets, net

	2021	2020
Capital Assets:		
Land	\$ 837,679	\$ 684,693
Drainage Facilities	3,322,007	2,525,766
Less: Accumulated Depreciation	(136,571)	(72,987)
Total Net Capital Assets	<u>\$ 4,023,115</u>	<u>\$ 3,137,472</u>

More detailed information about the District's capital assets and intangible assets is presented in the *Notes to the Financial Statements*.

## CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2022 projects a \$39,290 increase in the General Fund fund balance. The budget includes projected revenues of \$346,920 and projected expenditures of \$307,630.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, TX 78701.

# **FINANCIAL STATEMENTS**

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**APRIL 30, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
<b><u>ASSETS</u></b>						
Cash	\$ 11,290	\$ -	\$ -	\$ 11,290	\$ -	\$ 11,290
Cash equivalent investments	415,425	1,642,739	200,036	2,258,200	-	2,258,200
Receivables:						
Property taxes	11,722	49,233	-	60,955	-	60,955
Interfund	57,383	-	-	57,383	(57,383)	-
Other	150	-	-	150	-	150
Prepaid costs	7,600	-	55,548	63,148	-	63,148
Intangible assets, net of accumulated amortization - Right to receive service from:						
Water and wastewater facilities	-	-	-	-	15,010,493	15,010,493
Roads	-	-	-	-	3,767,871	3,767,871
Capital assets, net of accumulated depreciation:						
Land	-	-	-	-	837,679	837,679
Drainage facilities	-	-	-	-	3,185,436	3,185,436
<b>TOTAL ASSETS</b>	<b>\$ 503,570</b>	<b>\$ 1,691,972</b>	<b>\$ 255,584</b>	<b>\$ 2,451,126</b>	<b>22,744,096</b>	<b>25,195,222</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 10,416	\$ -	\$ -	\$ 10,416	-	10,416
Accrued interest payable	-	-	12,573	12,573	63,783	76,356
Interfund payables	-	1,570	55,813	57,383	(57,383)	-
Bond anticipation note payable	-	-	-	-	2,835,000	2,835,000
Bonds payable:						
Due within one year	-	-	-	-	685,000	685,000
Due after one year	-	-	-	-	26,254,939	26,254,939
<b>TOTAL LIABILITIES</b>	<b>10,416</b>	<b>1,570</b>	<b>68,386</b>	<b>80,372</b>	<b>29,781,339</b>	<b>29,861,711</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Property taxes	1,607	6,751	-	8,358	(8,358)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,607</b>	<b>6,751</b>	<b>-</b>	<b>8,358</b>	<b>(8,358)</b>	<b>-</b>
<b><u>FUND BALANCES / NET POSITION</u></b>						
Fund balances:						
Nonspendable - prepaid costs	7,600	-	-	7,600	(7,600)	-
Restricted for:						
Debt service	-	1,683,651	-	1,683,651	(1,683,651)	-
Authorized construction	-	-	187,198	187,198	(187,198)	-
Unassigned	483,947	-	-	483,947	(483,947)	-
<b>TOTAL FUND BALANCES</b>	<b>491,547</b>	<b>1,683,651</b>	<b>187,198</b>	<b>2,362,396</b>	<b>(2,362,396)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 503,570</b>	<b>\$ 1,691,972</b>	<b>\$ 255,584</b>	<b>\$ 2,451,126</b>		
<b><u>NET POSITION:</u></b>						
Net investment in capital assets					(6,786,262)	(6,786,262)
Restricted for debt service					1,626,619	1,626,619
Unrestricted					493,154	493,154
<b>TOTAL NET POSITION</b>					<b>\$ (4,666,489)</b>	<b>\$ (4,666,489)</b>

*The accompanying notes are an integral part of this statement.*

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**APRIL 30, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
<b>REVENUES:</b>						
Property taxes, including penalties	\$ 296,005	\$ 1,233,071	\$ -	\$ 1,529,076	\$ 1,524	\$ 1,530,600
Property tax reimbursements	-	258,759	-	258,759	-	258,759
Interest and other	442	1,442	506	2,390	-	2,390
<b>TOTAL REVENUES</b>	<b>296,447</b>	<b>1,493,272</b>	<b>506</b>	<b>1,790,225</b>	<b>1,524</b>	<b>1,791,749</b>
<b>EXPENDITURES / EXPENSES:</b>						
Current:						
Director fees, including payroll taxes	9,216	-	-	9,216	-	9,216
Repair/maintenance	-	-	327,315	327,315	-	327,315
Legal fees	161,593	-	-	161,593	-	161,593
Engineering fees	62,536	-	-	62,536	-	62,536
Audit fees	11,000	-	-	11,000	-	11,000
Accounting fees	18,625	-	-	18,625	-	18,625
Tax appraisal/collection fees	2,388	5,424	-	7,812	-	7,812
Insurance	6,653	-	-	6,653	-	6,653
Public notice	409	-	-	409	-	409
Bond anticipation note issuance costs	-	-	66,709	66,709	-	66,709
Bond issuance expenditures	-	-	1,087,166	1,087,166	-	1,087,166
Developer interest	-	-	319,667	319,667	-	319,667
Other	48	-	-	48	-	48
Debt service:						
Principal	-	330,000	-	330,000	(330,000)	-
Interest	-	751,634	18,121	769,755	21,590	791,345
Fiscal agent fees and other	-	1,615	-	1,615	-	1,615
Capital outlay	-	-	8,196,947	8,196,947	(8,196,947)	-
Depreciation/amortization	-	-	-	-	1,025,694	1,025,694
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>272,468</b>	<b>1,088,673</b>	<b>10,015,925</b>	<b>11,377,066</b>	<b>(7,479,663)</b>	<b>3,897,403</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES</b>	<b>23,979</b>	<b>404,599</b>	<b>(10,015,419)</b>	<b>(9,586,841)</b>	<b>7,481,187</b>	<b>(2,105,654)</b>
<b>OTHER FINANCING SOURCES / (USES):</b>						
Proceeds from bond anticipation note	-	-	2,835,000	2,835,000	(2,835,000)	-
Proceeds from sale of bonds	-	181,693	12,013,307	12,195,000	(12,195,000)	-
Premium on sale of bonds	-	-	43,654	43,654	(43,654)	-
Discount on sale of bonds	-	-	(13,533)	(13,533)	13,533	-
Repayment of bond anticipation note	-	-	(5,075,000)	(5,075,000)	5,075,000	-
<b>TOTAL OTHER FINANCING SOURCES, NET</b>	<b>-</b>	<b>181,693</b>	<b>9,803,428</b>	<b>9,985,121</b>	<b>(9,985,121)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>23,979</b>	<b>586,292</b>	<b>(211,991)</b>	<b>398,280</b>	<b>(398,280)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>(2,105,654)</b>	<b>(2,105,654)</b>
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	467,568	1,097,359	399,189	1,964,116	(4,524,951)	(2,560,835)
End of the year	<u>\$ 491,547</u>	<u>\$ 1,683,651</u>	<u>\$ 187,198</u>	<u>\$ 2,362,396</u>	<u>\$ (7,028,885)</u>	<u>\$ (4,666,489)</u>

*The accompanying notes are an integral part of this statement.*

# **NOTES TO THE FINANCIAL STATEMENTS**



**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Williamson County Municipal Utility District No. 28 (the “District”) relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**Reporting Entity** - The District was created, organized and established on April 23, 2015, by the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. 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 is not included in any other governmental “reporting entity” as defined by GASB standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB standards which are included in the District’s reporting entity.

**Basis of Presentation - Government-wide and Fund Financial Statements** - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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

- Net Investment in Capital Assets – This component of net position consists of intangible assets and capital assets, including restricted intangible and capital assets, net of accumulated amortization and depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement 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.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

The financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements** - The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects amortization and depreciation expense on the District's intangible assets and capital assets, including infrastructure, if any.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements** - Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All the District's funds are considered major funds.

**Governmental Fund Types** - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.
- **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition/construction of facilities.

**Non-current Governmental Assets and Liabilities** - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

***Basis of Accounting***

*Government-wide Statements* - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

*Fund Financial Statements* - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports unearned revenues on its balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the unearned revenues are removed from the balance sheet and revenue is recognized.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

***Budgets and Budgetary Accounting*** - An unappropriated budget was adopted on April 20, 2020, 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 Budgetary Comparison Schedule – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

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

***Cash and Cash Equivalents*** – Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the Texas Local Government Investment Pool, are recorded at amortized cost.

***Intangible Assets*** – Intangible assets, consisting of rights to receive service from the City of Georgetown, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities and road infrastructure conveyed to the City of Georgetown and amortized over the term of the applicable development agreement, which is 25 years from the execution date of the agreement.

***Capital Assets*** – Capital assets, which include land and drainage facilities, are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets including drainage facilities, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated acquisition value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u><b>Asset</b></u>	<u><b>Years</b></u>
Drainage Facilities	10 - 50

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

***Accounting Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

***Fund Balance*** – 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 no assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

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

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -**

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

Total Fund Balance - Governmental Funds		\$ 2,362,396
Intangible assets and capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Intangible assets	20,644,264	
Less: Accumulated amortization	<u>(1,865,900)</u>	18,778,364
Capital assets	4,159,686	
Less: Accumulated depreciation	<u>(136,571)</u>	4,023,115
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		8,358
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable, net of bond discounts/premiums		(26,939,939)
Bond anticipation note payable		(2,835,000)
Accrued interest		<u>(63,783)</u>
Total Net Position - Governmental Activities		<u><u>\$ (4,666,489)</u></u>

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

Net Changes in Fund Balances - Governmental Funds	\$ 398,280
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report:	
Capital expenditures in period purchased	8,196,947
Bond principal in period paid	330,000
Interest expenditures in period paid	(21,590)
Tax collections in period received	1,524
Bond anticipation note proceeds as other financing source	(2,835,000)
Repayment of bond anticipation note	5,075,000
Bond proceeds and premiums as other financing sources	(12,225,121)
Governmental funds do not report -	
Depreciation/amortization	<u>(1,025,694)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (2,105,654)</u></u>

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**3. CASH AND INVESTMENTS**

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

**Cash** – At April 30, 2021, the carrying amount of the District's deposits was \$11,290 and the bank balance was \$19,697. The bank balance was covered by federal depository insurance.

**Investments** –

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

*Credit risk.* The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or
- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**3. CASH AND INVESTMENTS (continued) -**

At April 30, 2021, the District held the following investments:

Investment	Fair Value at 4/30/2021	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
		Unrestricted	Restricted (1)	Restricted (2)		
Texpool	\$ 2,258,200	\$ 415,425	\$ 1,642,739	\$ 200,036	AAAm	Standard & Poors
	\$ 2,258,200	\$ 415,425	\$ 1,642,739	\$ 200,036		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

The District invests in the Texas Local Government Investment Pool (“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 investments in Texpool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from Texpool.

*Concentration of credit risk.* In accordance with the District’s investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of April 30, 2021, the District did not own any investments in individual securities.

*Custodial credit risk-deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The government’s investment policy requires that the District’s deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of April 30, 2021, the District’s bank deposits were fully insured.

**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Collector bills and collects the District’s property taxes. The Board of Directors set the tax rate for the 2020 tax year on September 14, 2020.



**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**4. PROPERTY TAXES (continued) –**

The property tax rate, established in accordance with state law, was based on 100% of the net assessed valuation of real and taxable personal property within the District on the 2020 tax roll. The tax rate, based on total taxable assessed valuation of \$235,301,681, was \$0.65 on each \$100 valuation with \$0.125 allocated to the General Fund, \$0.435 to the Debt Service Fund for utility bonds and \$0.09 to the Debt Service Fund for road bonds. Taxes receivable at April 30, 2021 totaled \$11,722 for the General Fund and \$49,233 for the Debt Service Fund. The maximum allowable maintenance tax of \$1.20 was established by the voters on November 3, 2015.

**5. INTERFUND ACCOUNTS AND TRANSFERS**

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at April 30, 2021:

	Interfund	
	Receivable	Payable
<b>General Fund:</b>		
Debt Service Fund	\$ 1,570	\$ -
Capital Projects Fund	55,813	-
<b>Debt Service Fund -</b>		
General Fund	-	1,570
<b>Capital Projects Fund -</b>		
General Fund	-	55,813
	<u>\$ 57,383</u>	<u>\$ 57,383</u>

**6. INTANGIBLE ASSETS**

In accordance with the Development Agreement (see Note 9) entered into between the developer and the City of Georgetown, upon completion of construction of certain water and wastewater facilities and road infrastructure, these assets are conveyed to the City of Georgetown for ownership, operation and maintenance. In exchange for the conveyance of these assets, the City of Georgetown agrees to provide water and wastewater services to the District and repair and maintain the roads within the District, which results in an intangible asset of the District. The term of the agreement is 25 years from the date the agreement was executed.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**6. INTANGIBLE ASSETS (continued) –**

A summary of changes in intangible assets follows:

	5/1/2020	Additions	Deletions	4/30/2021
Intangible assets being amortized -				
Right to receive service from:				
Water and wastewater system	\$ 12,142,963	\$ 4,463,198	\$ -	\$ 16,606,161
Roads	1,253,581	2,784,522	-	4,038,103
Total intangible assets being amortized	13,396,544	7,247,720	-	20,644,264
Less accumulated amortization for -				
Right to receive service from:				
Water and wastewater system	(809,274)	(786,394)	-	(1,595,668)
Roads	(94,516)	(175,716)	-	(270,232)
Total accumulated amortization	(903,790)	(962,110)	-	(1,865,900)
Total intangible assets, net	\$ 12,492,754	\$ 6,285,610	\$ -	\$ 18,778,364

**7. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	5/1/2020	Additions	Deletions	4/30/2021
Capital assets not being depreciated -				
Land	\$ 684,693	\$ 152,986	\$ -	\$ 837,679
Total capital assets not being depreciated	684,693	152,986	-	837,679
Capital assets being depreciated -				
Drainage facilities	2,525,766	796,241	-	3,322,007
Total capital assets being depreciated	2,525,766	796,241	-	3,322,007
Less accumulated depreciation for -				
Drainage facilities	(72,987)	(63,584)	-	(136,571)
Total accumulated depreciation	(72,987)	(63,584)	-	(136,571)
Total capital assets being depreciated, net of accumulated depreciation	2,452,779	732,657	-	3,185,436
Total capital assets, net	\$ 3,137,472	\$ 885,643	\$ -	\$ 4,023,115

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**8. BONDED DEBT**

The following is a summary of bond transactions of the District for the year ended April 30, 2021:

	Unlimited Tax Bonds
Bonds payable at May 1, 2020	\$ 15,055,000
Bonds issued	12,195,000
Bonds retired	(330,000)
Less: Bond premiums/discounts, net of accumulated amortization	19,939
Bonds payable at April 30, 2021	\$ 26,939,939

Bonds payable at April 30, 2021 were comprised of the following individual issues:

**Unlimited Tax Bonds:**

\$8,045,000 - 2018 Unlimited Tax Bonds payable serially through the year 2043 at interest rates which range from 3.00% to 4.00%. The District may redeem prior to maturity bonds maturing on and after October 1, 2024 in whole or from time to time in part, on October 1, 2023 or any date thereafter. Term bonds maturing on October 1, 2043 are subject to mandatory sinking fund redemption.

\$4,945,000 - 2019 Unlimited Tax Bonds payable serially through the year 2044 at interest rates which range from 3.00% to 4.50%. The District may redeem prior to maturity bonds maturing on and after October 1, 2025 in whole or from time to time in part, on October 1, 2024 or any date thereafter. Term bonds maturing on October 1, 2044 are subject to mandatory sinking fund redemption.

\$8,970,000 - 2020 Unlimited Tax Bonds payable serially through the year 2044 at interest rates which range from 2.00% to 3.00%. The District may redeem prior to maturity bonds maturing on and after October 1, 2026 in whole or from time to time in part, on October 1, 2025 or any date thereafter. Term bonds maturing on October 1, 2044 are subject to mandatory sinking fund redemption.

**Unlimited Tax Road Bonds:**

\$1,735,000 - 2018 Unlimited Tax Road Bonds payable serially through the year 2043 at interest rates which range from 2.65% to 3.875%. The District may redeem prior to maturity bonds maturing on and after October 1, 2024 in whole or from time to time in part, on October 1, 2023 or any date thereafter. Term bonds maturing on October 1, 2024, 2032, 2035, and 2043 are subject to mandatory sinking fund redemption.

\$3,225,000 - 2020 Unlimited Tax Road Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 2.375%. The District may redeem prior to maturity bonds maturing on and after October 1, 2026 in whole or from time to time in part, on October 1, 2025 or any date thereafter. Term bonds maturing on October 1, 2033, 2035, 2037, 2039, 2041 and 2045 are subject to mandatory sinking fund redemption.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**8. BONDED DEBT (continued) –**

On May 21, 2020, the District issued \$8,970,000 of Unlimited Tax Bonds, Series 2020, with interest rates ranging from 2.00% to 3.00%. The net proceeds of \$8,318,511 (after payment of the underwriter's fees and other bond issue costs) were used to pay principal and interest on the Series 2019 Bond Anticipation Note, deposited with the District's investment accounts to finance water, wastewater and drainage facilities constructed by the developer and to pay for accrued bond interest and subsequent bond issuance costs.

On August 19, 2020, the District issued \$3,225,000 of Unlimited Tax Road Bonds, Series 2020, with interest rates ranging from 2.00% to 2.375%. The net proceeds of \$2,942,249 (after payment of the underwriter's fees and other bond issue costs) were deposited with the District's investment accounts to finance road improvements constructed by the developer and to pay for accrued bond interest and subsequent bond issuance costs.

The annual requirements to amortize all bonded debt at April 30, 2021, including interest, are as follows:

Year Ended April 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2022	\$ 685,000	\$ 794,167	\$ 1,479,167
2023	730,000	774,170	1,504,170
2024	755,000	753,146	1,508,146
2025	790,000	731,208	1,521,208
2026	815,000	709,518	1,524,518
2027-2031	4,610,000	3,202,599	7,812,599
2032-2036	5,625,000	2,493,543	8,118,543
2037-2041	6,850,000	1,546,606	8,396,606
2042-2046	6,060,000	370,553	6,430,553
	<u>\$ 26,920,000</u>	<u>\$ 11,375,510</u>	<u>\$ 38,295,510</u>

The total amount of bonds approved by the voters of the District but not issued as of April 30, 2021 is as follows:

Type	Amount
Unlimited Tax Bonds	\$ 47,565,000
Park and Recreational Bonds	\$ 34,580,000
Road Bonds	\$ 9,750,000

At April 30, 2021, \$1,683,651 is available in the Debt Service Fund to service the bonded debt.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**9. DEVELOPMENT AGREEMENT**

Effective April 19, 2014, the City of Georgetown (the “City”) and the developer entered into a Development Agreement (the “Agreement”). Upon its creation, the District became a party to the Agreement. Pursuant to the Agreement, the developer or the District will construct, at no cost to the City, all on-site water, wastewater and drainage improvements within the District, as well as roadways to serve the District. Upon completion of construction, and with exception of the drainage facilities and the land associated with the drainage facilities, the developer or the District will convey all on-site facilities to the City for ownership, operation and maintenance. In exchange, the City will provide water and wastewater service to customers within the District on a retail basis in the same manner and at the same rates as the City provides service to customers outside the corporate limits of the City. The City will also maintain all roadways constructed in the District for public use. The developer or the District will also grant park land and certain trail improvements to the City, who will then own and maintain the park land and trails for public use. The City will be solely responsible for the collection of City impact fees and for billing and collecting for water, wastewater, garbage collection, fire protection and electrical services provided to customers within the District.

In consideration of the development of the land within the District and the related increase in taxable value as a result of conveyance of the facilities to the City, the City has agreed to reimburse the District an amount equal to \$0.15 per \$100 of taxable assessed value payable from collections of the City’s ad valorem taxes attributable to property in the District, up to a maximum reimbursement amount of \$25,000,000. During the year ended April 30, 2021, the District received \$258,759 in property tax reimbursements from the City. In total, as of April 30, 2021, the District has received \$451,705 in property tax reimbursement from the City.

The term of the agreement will be 25 years from the effective date of the Agreement.

**10. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies to effectively manage its risk. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

**11. BOND ANTICIPATION NOTE**

On September 29, 2020, the District closed on the issuance of a \$2,835,000 Bond Anticipation Note (“2020 BAN”) with an interest rate of 0.795% and maturity date of September 29, 2021. Proceeds of the 2020 BAN were used to reimburse the District’s developer for the cost of certain water, wastewater and drainage facilities, engineering fees and land costs and to fund the 2020 BAN issuance costs.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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**12. SUBSEQUENT EVENTS**

On June 22, 2021, the District closed on the issuance of \$5,750,000 of Unlimited Tax Bonds, Series 2021 (“Series 2021 Bonds”) with interest rates ranging from 2.00% to 2.15% and a final maturity of October 1, 2046. Proceeds of the Series 2021 Bonds will be used to redeem the 2020 BAN, reimburse the District’s developer for a portion of the costs of certain water, wastewater and drainage facilities, pay for issuance costs related to the Series 2021 Bonds and the 2020 BAN and fund future bond interest.

On July 19, 2021, the District approved steps to issue \$4,435,000 of Unlimited Tax Road Bonds, Series 2021. Proceeds will be used to reimburse the developer for costs related to road improvements. These bonds are expected to close in September 2021.

**13. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

**14. LITIGATION**

The District has engaged litigation counsel regarding alleged construction defects in a detention pond. The District has sued the general contractor of the detention pond and the contractor’s surety for the damages related to the construction defects.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**APRIL 30, 2021**

	Actual	Original Budget	Variance Positive (Negative)
<b>REVENUES:</b>			
Property taxes, including penalties	\$ 296,005	\$ 262,248	\$ 33,757
Interest and other	442	-	442
<b>TOTAL REVENUES</b>	<u>296,447</u>	<u>262,248</u>	<u>34,199</u>
<b>EXPENDITURES:</b>			
Current:			
Drainage maintenance	-	12,000	12,000
Director fees, including payroll taxes	9,216	9,780	564
Legal fees	161,593	180,000	18,407
Engineering fees	62,536	18,000	(44,536)
Audit fees	11,000	10,000	(1,000)
Accounting fees	18,625	17,550	(1,075)
Tax appraisal/collection fees	2,388	3,600	1,212
Insurance	6,653	6,500	(153)
Public notice	409	1,500	1,091
Other	48	3,000	2,952
<b>TOTAL EXPENDITURES</b>	<u>272,468</u>	<u>261,930</u>	<u>(10,538)</u>
<b>NET CHANGE IN FUND BALANCE</b>	23,979	<u>\$ 318</u>	<u>\$ 23,661</u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>467,568</u>		
End of the year	<u>\$ 491,547</u>		

*The accompanying notes are an integral part of this statement.*



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# **TEXAS SUPPLEMENTARY INFORMATION**

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# WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28

## TSI-1. SERVICES AND RATES

APRIL 30, 2021

### 1. Services Provided by the District during the Fiscal Year:

<input type="checkbox"/> Retail Water <input type="checkbox"/> Retail Wastewater <input checked="" type="checkbox"/> Parks/Recreation <input type="checkbox"/> Solid Waste/Garbage <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) <input type="checkbox"/> Other (specify): _____	<input type="checkbox"/> Wholesale Water <input type="checkbox"/> Wholesale Wastewater <input type="checkbox"/> Fire Protection <input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Drainage <input type="checkbox"/> Irrigation <input type="checkbox"/> Security <input checked="" type="checkbox"/> Roads
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### 2. Retail Service Providers - (1)

#### a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage
WATER:	\$ -	-		\$ -	
WASTEWATER:	\$ -	-		\$ -	
SURCHARGE:	\$ -	-		\$ -	

District employs winter averaging for wastewater usage? Yes ☐ No ☐

Total charges per 10,000 gallons usage: Water \$ - Wastewater \$ -

#### b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water				
Total Wastewater			1.0	

(1) - The District receives retail water and wastewater services from the City of Georgetown, Texas.

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**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system: \_\_\_\_\_ (1)

Gallons billed to customers: \_\_\_\_\_ (1)

**Water Accountability Ratio**

(Gallons billed / Gallons Pumped)

N/A

**4. Standby Fees** (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: \_\_\_\_\_

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

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. Location of District**

County(ies) in which district is located: \_\_\_\_\_ Williamson County, Texas

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☒ Partly ☐ Not at all ☐

City(ies) in which district is located: \_\_\_\_\_ City of Georgetown, Texas

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

Entirely ☐ Partly ☐ Not at all ☒

ETJ's in which district is located: \_\_\_\_\_ N/A

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? \_\_\_\_\_

(1) - The District receives retail water and wastewater services from the City of Georgetown, Texas.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-2. GENERAL FUND EXPENDITURES**  
**APRIL 30, 2021**

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Personnel Expenditures (including benefits)	\$ -
Professional Fees:	
Auditing	11,000
Legal	161,593
Engineering	62,536
Financial Advisor	-
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	18,625
General Manager	-
Appraisal District/Tax Collector	2,388
Other Contracted Services	-
Utilities	-
Repairs and Maintenance	-
Chemicals/Lab Fees	-
Administrative Expenditures:	
Directors' Fees	9,216
Office Supplies	-
Insurance	6,653
Other Administrative Expenditures	457
Capital Outlay:	
Capitalized Assets	-
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 272,468</u></u>

Number of persons employed by the District:

Full-Time

Part-Time

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-3. TEMPORARY INVESTMENTS**  
**APRIL 30, 2021**

<b>Funds</b>	<b>Identification or Certificate Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>	<b>Accrued Interest Receivable at End of Year</b>
<b>General Fund -</b>					
TexPool	XXX0001	Varies	N/A	\$ 415,425	\$ -
Total				415,425	-
<b>Debt Service Fund:</b>					
TexPool	XXX0002	Varies	N/A	17,438	-
TexPool	XXX0005	Varies	N/A	1,312,080	-
TexPool	XXX0006	Varies	N/A	287,040	-
TexPool	XXX0015	Varies	N/A	26,181	-
Total				1,642,739	-
<b>Capital Projects Fund:</b>					
TexPool	XXX0007	Varies	N/A	66,216	-
TexPool	XXX0008	Varies	N/A	4,983	-
TexPool	XXX0011	Varies	N/A	66,510	-
TexPool	XXX0014	Varies	N/A	41,105	-
TexPool	XXX0016	Varies	N/A	18,619	-
TexPool	XXX0017	Varies	N/A	2,603	-
Total				200,036	-
Total - All Funds				\$ 2,258,200	\$ -

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**APRIL 30, 2021**

		<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
<b>Taxes Receivable, Beginning of Year</b>		\$ 3,154	\$ 3,680
2020 Original Tax Levy, net of adjustments		294,125	1,235,373
Total to be accounted for		<u>297,279</u>	<u>1,239,053</u>
Tax collections:			
Prior years		3,139	3,662
Current year		<u>282,418</u>	<u>1,186,158</u>
Total collections		<u>285,557</u>	<u>1,189,820</u>
<b>Taxes Receivable, End of Year</b>		<u>\$ 11,722</u>	<u>\$ 49,233</u>
<b>Taxes Receivable, By Years</b>			
2019 and prior		\$ -	\$ -
2020		<u>11,722</u>	<u>49,233</u>
<b>Taxes Receivable, End of Year</b>		<u>\$ 11,722</u>	<u>\$ 49,233</u>
<b>Property Valuations:</b>		<u>2020</u>	<u>2019</u>
Land and improvements	(a)	<u>\$ 235,301,681</u>	<u>\$ 169,771,242</u>
<b>Total Property Valuations</b>		<u>\$ 235,301,681</u>	<u>\$ 169,771,242</u>
<b>Tax Rates per \$100 Valuation:</b>			
Debt Service tax rates		\$ 0.5250	\$ 0.3500
Maintenance tax rates		<u>0.1250</u>	<u>0.3000</u>
<b>Total Tax Rates per \$100 Valuation:</b>		<u>\$ 0.6500</u>	<u>\$ 0.6500</u>
<b>Original Tax Levy</b>		<u>\$ 1,529,498</u>	<u>\$ 1,103,513</u>
<b>Percent of Taxes Collected to Taxes Levied **</b>		<u>96.01%</u>	<u>100.00%</u>
<b>Maximum Maintenance Tax Rate Approved by Voters:</b>		<u>\$ 1.20 on</u>	<u>11/3/2015</u>

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors, including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

\*\* Calculated as taxes collected in current and previous years divided by tax levy. Calculated as of the time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual bond disclosure filings.



**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**APRIL 30, 2021**

Fiscal Year Ending	Unlimited Tax Bonds Series 2018			Unlimited Tax Road Bonds Series 2018			Unlimited Tax Bonds Series 2019		
	Principal Due 10/1	Interest Due 4/1, 10/1	Total	Principal Due 10/1	Interest Due 4/1, 10/1	Total	Principal Due 10/1	Interest Due 4/1, 10/1	Total
2022	\$ 215,000	\$ 286,687	\$ 501,687	\$ 45,000	\$ 61,555	\$ 106,555	\$ 130,000	\$ 153,675	\$ 283,675
2023	225,000	280,087	505,087	50,000	60,271	110,271	135,000	147,712	282,712
2024	235,000	273,187	508,187	50,000	58,834	108,834	140,000	141,525	281,525
2025	245,000	265,987	510,987	55,000	57,259	112,259	145,000	135,112	280,112
2026	255,000	258,487	513,487	55,000	55,581	110,581	150,000	129,600	279,600
2027	265,000	250,687	515,687	55,000	53,848	108,848	155,000	125,025	280,025
2028	275,000	242,587	517,587	60,000	51,993	111,993	165,000	120,225	285,225
2029	285,000	233,831	518,831	60,000	50,006	110,006	170,000	115,200	285,200
2030	300,000	224,138	524,138	65,000	47,856	112,856	175,000	110,025	285,025
2031	310,000	213,650	523,650	65,000	45,581	110,581	180,000	104,700	284,700
2032	325,000	202,537	527,537	70,000	43,175	113,175	190,000	99,150	289,150
2033	340,000	190,687	530,687	75,000	40,547	115,547	195,000	93,375	288,375
2034	350,000	178,181	528,181	75,000	37,828	112,828	205,000	87,375	292,375
2035	365,000	164,994	529,994	80,000	34,968	114,968	210,000	81,150	291,150
2036	380,000	151,025	531,025	80,000	31,968	111,968	220,000	74,700	294,700
2037	395,000	136,494	531,494	85,000	28,875	113,875	225,000	68,025	293,025
2038	415,000	121,306	536,306	90,000	25,594	115,594	235,000	61,125	296,125
2039	430,000	105,462	535,462	95,000	22,125	117,125	245,000	53,925	298,925
2040	450,000	88,400	538,400	95,000	18,503	113,503	255,000	46,425	301,425
2041	465,000	70,100	535,100	100,000	14,725	114,725	265,000	38,625	303,625
2042	485,000	51,100	536,100	105,000	10,753	115,753	270,000	30,600	300,600
2043	505,000	31,300	536,300	110,000	6,587	116,587	285,000	22,275	307,275
2044	530,000	10,600	540,600	115,000	2,228	117,228	295,000	13,575	308,575
2045	-	-	-	-	-	-	305,000	4,575	309,575
2046	-	-	-	-	-	-	-	-	-
	<u>\$ 8,045,000</u>	<u>\$ 4,031,514</u>	<u>\$ 12,076,514</u>	<u>\$ 1,735,000</u>	<u>\$ 860,660</u>	<u>\$ 2,595,660</u>	<u>\$ 4,945,000</u>	<u>\$ 2,057,699</u>	<u>\$ 7,002,699</u>

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**APRIL 30, 2021**

Fiscal Year Ending	Unlimited Tax Bonds Series 2020			Unlimited Tax Road Bonds Series 2020			Total - All Series		
	Principal Due 10/1	Interest Due 4/1, 10/1	Total	Principal Due 10/1	Interest Due 4/1, 10/1	Total	Principal Due 10/1	Interest Due 4/1, 10/1	Total
2022	\$ 215,000	\$ 224,862	\$ 439,862	\$ 80,000	\$ 67,388	\$ 147,388	\$ 685,000	\$ 794,167	\$ 1,479,167
2023	225,000	220,462	445,462	95,000	65,638	160,638	730,000	774,170	1,504,170
2024	235,000	215,862	450,862	95,000	63,738	158,738	755,000	753,146	1,508,146
2025	245,000	211,062	456,062	100,000	61,788	161,788	790,000	731,208	1,521,208
2026	255,000	206,062	461,062	100,000	59,788	159,788	815,000	709,518	1,524,518
2027	270,000	200,812	470,812	105,000	57,738	162,738	850,000	688,110	1,538,110
2028	280,000	195,312	475,312	110,000	55,588	165,588	890,000	665,705	1,555,705
2029	295,000	189,562	484,562	110,000	53,388	163,388	920,000	641,987	1,561,987
2030	305,000	183,559	488,559	115,000	51,138	166,138	960,000	616,716	1,576,716
2031	320,000	177,312	497,312	115,000	48,838	163,838	990,000	590,081	1,580,081
2032	335,000	170,762	505,762	120,000	46,488	166,488	1,040,000	562,112	1,602,112
2033	350,000	163,475	513,475	125,000	44,038	169,038	1,085,000	532,122	1,617,122
2034	365,000	155,431	520,431	125,000	41,538	166,538	1,120,000	500,353	1,620,353
2035	380,000	147,050	527,050	130,000	38,988	168,988	1,165,000	467,150	1,632,150
2036	400,000	137,775	537,775	135,000	36,338	171,338	1,215,000	431,806	1,646,806
2037	415,000	127,587	542,587	140,000	33,588	173,588	1,260,000	394,569	1,654,569
2038	435,000	115,875	550,875	140,000	30,788	170,788	1,315,000	354,688	1,669,688
2039	455,000	102,525	557,525	145,000	27,847	172,847	1,370,000	311,884	1,681,884
2040	475,000	88,575	563,575	150,000	24,712	174,712	1,425,000	266,615	1,691,615
2041	495,000	74,025	569,025	155,000	21,375	176,375	1,480,000	218,850	1,698,850
2042	520,000	58,800	578,800	160,000	17,832	177,832	1,540,000	169,085	1,709,085
2043	545,000	42,825	587,825	165,000	14,072	179,072	1,610,000	117,059	1,727,059
2044	565,000	26,175	591,175	165,000	10,153	175,153	1,670,000	62,731	1,732,731
2045	590,000	8,850	598,850	170,000	6,175	176,175	1,065,000	19,600	1,084,600
2046	-	-	-	175,000	2,078	177,078	175,000	2,078	177,078
	<u>\$ 8,970,000</u>	<u>\$ 3,444,597</u>	<u>\$ 12,414,597</u>	<u>\$ 3,225,000</u>	<u>\$ 981,040</u>	<u>\$ 4,206,040</u>	<u>\$ 26,920,000</u>	<u>\$ 11,375,510</u>	<u>\$ 38,295,510</u>

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-6. CHANGES IN LONG-TERM BONDED DEBT**  
**APRIL 30, 2021**

	<b>Series 2018 Tax Bonds</b>	<b>Series 2018 Tax Road Bonds</b>	<b>Series 2019 Tax Bonds</b>	<b>Series 2020 Tax Bonds</b>	<b>Series 2020 Tax Road Bonds</b>	<b>Total</b>
Interest Rate	3.00 - 4.00%	2.65 - 3.875%	3.00 - 4.50%	2.00 - 3.00%	2.00 - 2.375%	
Dates Interest Payable	4/1, 10/1	4/1, 10/1	4/1, 10/1	4/1, 10/1	4/1, 10/1	
Maturity Dates	10/1/2043	10/1/2043	10/1/2044	10/1/2044	10/1/2045	
Bonds Outstanding at Beginning of Current Period	\$ 8,250,000	\$ 1,780,000	\$ 5,025,000	\$ -	\$ -	\$ 15,055,000
Bonds Sold During the Current Period	-	-	-	8,970,000	3,225,000	12,195,000
Retirements During the Current Period:						
Principal	(205,000)	(45,000)	(80,000)	-	-	(330,000)
Refunded	-	-	-	-	-	-
Bonds Outstanding at End of Current Period	<u>\$ 8,045,000</u>	<u>\$ 1,735,000</u>	<u>\$ 4,945,000</u>	<u>\$ 8,970,000</u>	<u>\$ 3,225,000</u>	<u>\$ 26,920,000</u>
Interest Paid During the Current Period	<u>\$ 292,988</u>	<u>\$ 62,714</u>	<u>\$ 158,400</u>	<u>\$ 195,483</u>	<u>\$ 42,049</u>	<u>\$ 751,634</u>
Paying Agent's Name & Address:	<u>Zions Bancorporation</u> <u>Houston, TX</u>	<u>Zions Bancorporation</u> <u>Houston, TX</u>	<u>Zions Bancorporation</u> <u>Houston, TX</u>	<u>Zions Bancorporation</u> <u>Houston, TX</u>	<u>Zions Bancorporation</u> <u>Houston, TX</u>	
Bond Authority:	Unlimited Tax Bonds	Park and Recreational Facilities Bonds	Road Bonds			
Amount Authorized by Voters	\$ 69,810,000	\$ 34,580,000	\$ 14,755,000			
Amount Issued	22,245,000	-	5,005,000			
Remaining To Be Issued	<u>\$ 47,565,000</u>	<u>\$ 34,580,000</u>	<u>\$ 9,750,000</u>			
Debt Service Fund Cash and Temporary Investments balances as of April 30, 2021:			<u>\$ 1,642,739</u>			
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:			<u>\$ 1,531,820</u>			

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**APRIL 30, 2021**

	Amounts					Percent of				
	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017
<b>GENERAL FUND REVENUES:</b>										
Property taxes, including penalties	\$ 296,005	\$ 555,887	\$ 386,126	\$ 173,498	\$ 51,106	99.9%	99.5%	99.6%	99.7%	99.9%
Interest and other	442	2,810	1,481	561	31	0.1%	0.5%	0.4%	0.3%	0.1%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>296,447</b>	<b>558,697</b>	<b>387,607</b>	<b>174,059</b>	<b>51,137</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GENERAL FUND EXPENDITURES -</b>										
Current:										
Director fees, including payroll taxes	9,216	8,235	7,912	6,136	7,589	3.2%	1.4%	2.0%	3.6%	14.7%
Legal fees	161,593	296,198	186,422	60,983	65,839	54.6%	52.9%	48.1%	35.0%	128.8%
Engineering fees	62,536	23,280	16,585	14,145	15,403	21.1%	4.2%	4.3%	8.1%	30.1%
Audit fees	11,000	10,500	8,500	7,500	6,500	3.7%	1.9%	2.2%	4.3%	12.7%
Accounting fees	18,625	18,750	16,800	9,750	7,600	6.3%	3.4%	4.3%	5.6%	14.9%
Tax appraisal/collection fees	2,388	2,560	1,547	681	129	0.8%	0.5%	0.4%	0.4%	0.3%
Insurance	6,653	5,587	5,465	4,427	-	2.2%	1.0%	1.4%	2.5%	-
Public notice	409	409	538	-	-	0.1%	0.1%	0.1%	-	-
Other	48	2,059	583	1,037	589	-	0.4%	0.2%	0.6%	1.2%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>272,468</b>	<b>367,578</b>	<b>244,352</b>	<b>104,659</b>	<b>103,649</b>	<b>92.0%</b>	<b>65.8%</b>	<b>63.0%</b>	<b>60.1%</b>	<b>202.7%</b>
<b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>23,979</b>	<b>191,119</b>	<b>143,255</b>	<b>69,400</b>	<b>(52,512)</b>	<b>8.0%</b>	<b>34.2%</b>	<b>37.0%</b>	<b>39.9%</b>	<b>-102.7%</b>
<b>OTHER FINANCING SOURCE -</b>										
Advances from developer	-	-	-	65,750	68,000	-	-	-	37.7%	133.0%
<b>TOTAL OTHER FINANCING SOURCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,750</b>	<b>68,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.7%</b>	<b>133.0%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 23,979</b>	<b>\$ 191,119</b>	<b>\$ 143,255</b>	<b>\$ 135,150</b>	<b>\$ 15,488</b>	<b>8.0%</b>	<b>34.2%</b>	<b>37.0%</b>	<b>77.6%</b>	<b>30.3%</b>
<b>DEBT SERVICE FUND REVENUES:</b>										
Property tax revenues, including penalties	\$ 1,233,071	\$ 590,937	\$ 291,740	\$ -	\$ -	73.7%	64.7%	32.8%	-	-
Property tax rebates	258,759	146,254	46,691	-	-	15.4%	16.0%	5.3%	-	-
Interest	1,442	15,992	11,775	-	-	0.1%	1.8%	1.3%	-	-
Bond activity, net	181,693	160,200	539,008	-	-	10.8%	17.5%	60.6%	-	-
<b>TOTAL DEBT SERVICE FUND REVENUES</b>	<b>1,674,965</b>	<b>913,383</b>	<b>889,214</b>	<b>-</b>	<b>-</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>DEBT SERVICE FUND EXPENDITURES:</b>										
Bond principal	330,000	-	-	-	-	19.7%	-	-	-	-
Bond interest	751,634	481,269	219,596	-	-	44.9%	52.7%	24.7%	-	-
Fiscal agent fees and other	7,039	3,496	877	-	-	0.4%	0.4%	0.1%	-	-
<b>TOTAL DEBT SERVICE FUND EXPENDITURES</b>	<b>1,088,673</b>	<b>484,765</b>	<b>220,473</b>	<b>-</b>	<b>-</b>	<b>65.0%</b>	<b>53.1%</b>	<b>24.8%</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES</b>	<b>\$ 586,292</b>	<b>\$ 428,618</b>	<b>\$ 668,741</b>	<b>\$ -</b>	<b>\$ -</b>	<b>35.0%</b>	<b>46.9%</b>	<b>75.2%</b>	<b>-</b>	<b>-</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>					

(1) - The District receives retail water and wastewater services from the City of Georgetown, Texas.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**APRIL 30, 2021**

Complete District Mailing Address:	1108 Lavaca Street, Suite 510, Austin, TX 78701
District Business Telephone Number:	(512) 518-2424
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	May 18, 2020
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	\$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
<i>Board Members:</i>				
S. AUSTIN PFIESTER	(Elected) 5/5/2018 - 5/7/2022	\$ 1,200	\$ -	President
REBECCA I. COLLINS	(Elected) 5/5/2018 - 5/7/2022	\$ 1,950	\$ -	Vice-President
MICHAEL S. NORMAN, Jr.	(Elected) 5/5/2018 - 5/7/2022	\$ 1,500	\$ -	Secretary
WILLIAM S. MINICK	(Elected) 5/2/2020 - 5/4/2024	\$ 1,950	\$ -	Assistant Vice-President/ Assistant Secretary
SUSAN S. TURRIETA	(Elected) 5/2/2020 - 5/4/2024	\$ 1,950	\$ -	Assistant Secretary
<i>Consultants:</i>				
Allen Boone Humphries Robinson LLP	6/16/2015	\$ 110,542 \$ 356,056	\$ - \$ -	Attorney Bond Related Services
Jones-Heroy & Associates	6/16/2015	\$ 31,554 \$ 69,435	\$ - \$ -	Engineer Bond Related Services
Bott & Douthitt, PLLC	9/30/2015	\$ 18,625	\$ -	District Accountant
McCall Gibson Swedlund Barfoot PLLC	9/19/2016	\$ 11,000 \$ 38,000	\$ - \$ -	Auditor Bond Related Services
Robert W. Baird & Co. Incorporated	6/16/2015	\$ 279,852	\$ -	Financial Advisor
Williamson County Tax Assessor/Collector	9/30/2015	\$ 167	\$ -	Tax Collector

*\*Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

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# **OTHER SUPPLEMENTARY INFORMATION**

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**OSI-1. PRINCIPAL TAXPAYERS**  
**APRIL 30, 2021**

Taxpayer	Type of Property	Tax Roll Year		
		2021	2020	2019
WMCI Austin VIII LLC & WMCI Austin VIII-B LLC	N/A	\$ 53,165,000	\$ -	\$ -
Wolf Ranch TIC LLC & Wolf Ranch Apartments LLC	N/A	49,000,000	-	-
MHI Partnership Ltd.	N/A	8,983,998	9,004,643	6,060,070
H4WR Phase 3A LLC	N/A	3,899,465	-	-
EVC Georgetown LP	N/A	3,411,228	3,240,666	-
Weekley Homes LLC	N/A	2,500,973	2,001,418	3,616,712
Drees Custom Homes LP	N/A	2,438,454	1,357,612	-
MHI Models Ltd.	N/A	1,627,485	1,041,129	-
Highland Homes - Austin Ltd.	N/A	1,425,000	1,310,724	-
Drees Custom Homes LP	N/A	1,129,212	-	2,633,823
LG WR1 LLC	N/A	-	42,545,746	39,115,680
MRP Wolf Ranch LP	N/A	-	38,711,340	36,977,962
H4WR Phase 4 LLC	N/A	-	5,992,925	2,960,620
Cash Construction	N/A	-	1,178,290	-
Perry Homes LLC	N/A	-	-	2,800,000
H4WR Ph 2 LLC	N/A	-	-	2,668,500
Perry Homes LLC	N/A	-	-	1,588,681
2015 MHI Land Holdings LLC	N/A	-	-	900,000
<b>Total</b>		<b>\$ 127,580,815</b>	<b>\$ 106,384,493</b>	<b>\$ 99,322,048</b>
Percent of Assessed Valuation		<b>40.4%</b>	<b>45.2%</b>	<b>58.5%</b>

Source: Williamson Central Appraisal District



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**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28**  
**OSI-2. ASSESSED VALUE BY CLASSIFICATION**  
**APRIL 30, 2021**

Type of Property	Tax Roll Year					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Single Family Residence	\$ 180,051,504	57.1%	\$ 109,081,609	46.4%	\$ 55,720,037	32.9%
Multi-Family	102,165,000	32.4%	81,158,080	34.5%	75,977,962	44.8%
Vacant Lot	385,950	0.1%	556,720	0.2%	629,573	0.4%
Real Acreage	2,494,385	0.8%	10,287,283	4.4%	716,618	0.4%
Commercial and Industrial	4,080,855	1.3%	3,876,811	1.6%	-	-
Farm or Ranch Improvement	289,407	0.1%	933,046	0.4%	2,961,905	1.7%
Business Personal Property	942,211	0.3%	1,682,344	0.7%	900,306	0.5%
Residential Inventory	43,544,544	13.8%	36,804,625	15.6%	37,383,760	22.0%
Less: Exemptions/Adjustments	(18,483,333)	-5.9%	(9,078,837)	-3.8%	(4,518,919)	-2.7%
Total	<u>\$ 315,470,523</u>	<u>100.0%</u>	<u>\$ 235,301,681</u>	<u>100.0%</u>	<u>\$ 169,771,242</u>	<u>100.0%</u>

Source: Williamson Central Appraisal District

**APPENDIX B**  
**SPECIMEN MUNICIPAL BOND**  
**INSURANCE POLICY**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100