

## AMENDED AGENDA

TO: THE BOARD OF DIRECTORS OF HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY, HAYS COUNTY, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Headwaters Municipal Utility District of Hays County will hold a regular meeting on Thursday, November 17, 2022, at 12:00 p.m., outside the boundaries of the District, at the offices of Freehold Capital Management located at 8601 Ranch Road 2222 Building 1, Suite 260, Austin, Texas 78730, a designated meeting place for the Board of Directors. The meeting will be held for the following purposes:

### **Meeting Packet:**

A copy of the meeting packet is available at the following website: <https://txdistrictinfo.org>

### **Public Comment:**

Public comment will be allowed during the Public Comment agenda item. Members of the public that desire to provide public comment may do so.

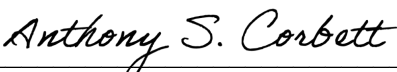
### **Meeting Topics:**

The meeting will be held for the following purposes:

1. Public Comments.
2. Discuss, consider and take action regarding approval of minutes of the Board of Directors' October 20, 2022, meeting.
3. Consider and take action regarding Monthly Operations:
  - A. Retail Water and Wastewater Operations Report; and
  - B. Wastewater Treatment Plant and Disposal Facilities Operations Report.
4. Discuss, consider and take action on pending engineering and construction projects relating to construction of public infrastructure improvements:
  - A. Receive Report from District Engineer;
  - B. Approvals of Plans and Specifications;
  - C. Authorizations to Bid;
  - D. Award of Construction Contracts;
  - E. Approval of Construction Pay Estimates;
  - F. Approval of Construction Change Orders; and
  - G. Acceptance of Facilities.

5. Consider and take action regarding adoption of District drainage standards.
6. Consider and take action regarding approval of authorization for Headwaters Commercial East Phase 1 project to use thermoplastic pipe in lieu of reinforced concrete pipe (RCP) for storm drainage conveyance.
7. Consider and take action relating to Phase 3 Expansion of the District's Wastewater Treatment Plant Facilities and Effluent Disposal System:
  - A. Status report regarding construction projects; and
  - B. Authorize such action as may be necessary to proceed with construction projects.
8. Discussion and potential action relating to sale and issuance \$5,210,000 Headwaters Municipal Utility District Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds").
  - A. Receive Report from Financial Advisor regarding Sale of Series 2022 Bonds;
  - B. Award the Sale of the Series 2022 Bonds;
  - C. Adopt Order Authorizing the Issuance of \$5,210,000 Headwaters Municipal Utility District Unlimited Tax Bonds, Series 2022; Prescribing the Terms and Provisions Thereof; Making Provision for the Payment of the Interest Thereon and the Principal Thereof, Levying and Pledging the Proceeds of a Tax Authorizing the Sale of the Bonds; Authorizing a Paying Agent/Registrar Agreement; and Containing Other Provisions Relating to the Subject;
  - D. Approve Payment of Attorney General filing fees; and
  - E. Authorize the District's Officers and Directors, Financial Advisor, General Counsel and Bond Counsel to take all actions necessary, appropriate or convenient in connection with the sale of the Series 2022 Bonds, including, without limitation, executing appropriate documents in connection therewith.
9. Discussion and potential action relating to sale and issuance \$4,740,000 Headwaters Municipal Utility District Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds").
  - A. Approve Preliminary Official Statement and Publication of a Notice of Sale of Series 2023 Bonds; and
  - B. Authorize such action as may be necessary to proceed with sale and issuance of the Series 2023 Bonds.

10. Consider and take action regarding request for additional wholesale water service from the West Travis County Public Utility Agency for development of the commercial lands.
11. Consider and take action regarding approval of Amended and Restated Wastewater Expansion and Capacity Agreement.
12. Consider and take action regarding potential purchase of parklands from WFC Headwaters Owner VII, L.P. with Park Fees.
13. Consider and take action development matters pertaining to the Headwaters Residential Tract:
  - A. Receive Residential Developer Report Relating to Status of Development, Construction and Sales Activities within the Headwaters Residential Tract.
14. Consider and take action regarding development matters pertaining to the Headwaters Commercial Tract:
  - A. Receive Commercial Developer Report Relating to Status of Development, Construction and Sales Activities within the Headwaters Commercial Tract.
15. Consider and take action regarding Bookkeepers Report and Payment of Bills and Invoices.

  
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Anthony S. Corbett,  
Attorney for the District

The Board of Directors may go into Executive Session if necessary, pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act, on any of the above matters. No final action, decision or vote will be taken on any subject or matter in Executive Session.

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call Anthony Corbett at (512) 328-2008 for further information.

MINUTES OF REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY  
Thursday, October 20, 2022

STATE OF TEXAS           §  
                                      §  
COUNTY OF HAYS       §

The Board of Directors of Headwaters Municipal Utility District of Hays County (the “District”) held a regular meeting, open to the public, commencing at 12:00 p.m. on Thursday, October 20, 2022, outside the boundaries of the District, at the offices of Freehold Capital Management located at 8601 Ranch Road 2222, Building I, Suite 260, Austin, Texas 78730, a regular meeting place of the Board.

The roll was called of the directors of the Board, to-wit:

|                  |                     |
|------------------|---------------------|
| Harvey Zinn, Jr. | President           |
| Brian Jacks      | Vice President      |
| Drax Marlow      | Secretary           |
| Lisa Stephens    | Assistant Secretary |
| William Farrell  | Assistant Secretary |

and all directors were present except Director Zinn, Jr., thus constituting a quorum.

Also present were Jesse Malone from Malone Wheeler, Inc.; Mike Morin from Crossroads Utility Services; Mark Burton from Municipal Accounts & Consulting, Inc.; Matt Mathews of Freehold Communities; David Allen from Allen Engineering Group, Inc.; Garry Kimball from Specialized Public Finance, Inc., and Anthony S. Corbett and Lauren Hughes of McLean & Howard, L.L.P.

1. The Board first requested public comment. There was no public comment.
2. The Board then considered approval of the minutes from the Board’s September 15, 2022, meeting. Upon a motion made by Director Jacks that was seconded by Director Farrell, the Board unanimously approved the meeting minutes as presented (4-0).
3. Mr. Morin presented the monthly utility operations and services report. He presented metrics regarding monthly water usage and operations, and requested the Board approve the write off of a delinquent customer bill. After discussion, Director Stephens made a motion to approve the write-off of delinquent customer bill in the amount of \$127.47 and to send the delinquencies to collections, as recommended by Mr. Morin and as identified in the operations report. Director Jacks seconded the motion, which the Board passed unanimously (4-0). A copy of the written Operations Report prepared by Crossroads Utility Services, L.L.C., is attached as an exhibit to these meeting minutes.



4. David Allen then presented the monthly Wastewater Treatment Plan and Disposal Facilities Operations Report. A copy of the Wastewater Treatment Plan and Disposal Facilities Operations Report is attached as an exhibit to these minutes.

5. Jesse Malone presented the monthly Engineer Report regarding ongoing engineering and construction activities in the District. He recommended the Board approve the following items:

**Headwaters Phase 3**

Change Order No. 1 \$141,326.23

Pay Application No. 5 \$829,211.13

**Headwaters Water Reclamation Facility Phase 3 Drip Irrigation Improvements**

Pay Application No. 7 \$129,486.60

**Headwaters Water Reclamation Facility Phase 3 Drip Irrigation Improvements**

Pay Application No. 6 \$470,614.59 for site fill, concrete foundation, ground storage tank and electrical improvements.

**Phase 3 Wastewater Improvements**

Change Order No. 1 \$17,324.00

Director Jacks made a motion to approve the above-referenced items. Director Stephens seconded the motion, which the Board passed unanimously (4-0). A copy of the written Engineer's Report is attached as an exhibit to these minutes.

6. Mr. Allen provided a report regarding the status of expansion of the District's Wastewater Treatment Plant Facilities and Effluent Disposal System. No action was taken by the Board.

7. The Board then considered the sale and issuance \$5,210,000 Headwaters Municipal Utility District Unlimited Tax Bonds, Series 2022 (the "Bonds"). Mr. Kimball presented the Preliminary Official Statement for the Bonds to the Board. After discussion, Director Stephens made a motion to approve the Preliminary Official Statement and authorize the publication of a notice of sale for the Bonds. Director Jacks seconded the motion, which the Board passed unanimously (4-0). A copy of the Preliminary Official Statement and Notice of Sale is attached as an exhibit to these minutes.

8. The Board then considered an updated Water Conservation and Drought Contingency Plan. Mr. Corbett reported that the West Travis County PUA had revised its Plan, and the District was required restrictions under the Wholesale Water Contract to revise its Plan to reflect those. After discussion, Director Jacks made a motion to approve the updated Water Conservation and Drought Contingency Plan. Director Farrell seconded the motion, which the Board passed unanimously (4-0). A copy of the Plan is attached as an exhibit to these minutes.

9. The Board then conducted the annual review and approval of the District's Investment Policy and Investment Strategies. After discussion, Director Stephens made a motion to approve the District's Investment Policy and Investment Strategies. Director Jacks seconded the motion, which the Board passed unanimously (4-0). A copy of the Investment Policy, including the District's investment strategies, is attached as an exhibit to these minutes.

10. Mr. Matthews provided a brief report regarding the status of development activities within the residential lands. The Board took no action in response to the report.

11. Blake Rue provided a report regarding the status of development activities in the commercial lands within the District.

12. Mr. Burton then presented the Bookkeeper's Report. Director Jacks moved that the Board approve the payment of bills and invoices as presented in the Bookkeepers Report. The motion was seconded by Director Stephens and passed unanimously (4-0). Copies of the bookkeepers' report and the approved bills and invoices are attached as exhibits to these minutes.

There being no further business to come before the Board, by unanimous acclamation, the meeting adjourned at approximately 12:55 p.m.

(SEAL)

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Secretary, Board of Directors



## OPERATIONS REPORT

Headwaters Municipal Utility District  
Board of Directors Meeting



November 17, 2022

**Headwaters Municipal Utility District**  
**Operations Report**  
**For the Month of October 2022**

**GENERAL INFORMATION**

|                                    |            |       |               |                      |
|------------------------------------|------------|-------|---------------|----------------------|
| Occupied Single Family Connections | <u>508</u> | x 3 = | <u>1524</u>   |                      |
| Vacant Single Family Connections   | <u>2</u>   |       |               |                      |
| Amentiy Center                     | <u>1</u>   |       |               |                      |
| Vacant Commercial                  | <u>1</u>   |       |               |                      |
| Irrigation                         | <u>3</u>   |       |               |                      |
| Multi-Family                       | <u>1</u>   |       | <u>229.5</u>  |                      |
| Builder                            | <u>102</u> |       |               |                      |
| New Tap                            | <u>46</u>  |       |               |                      |
| Fire Hydrant                       | <u>6</u>   |       |               |                      |
| Vacant Fire Hydrant                | <u>2</u>   |       |               |                      |
| No Bill                            | <u>8</u>   |       |               |                      |
| Office Building                    | <u>1</u>   |       |               |                      |
| WITH USAGE                         | <u>622</u> |       |               |                      |
| WITHOUT USAGE                      | <u>59</u>  |       |               |                      |
| TOTAL CONNECTIONS                  | <u>681</u> |       | <u>1753.5</u> | Estimated Population |

**BACTERIOLOGICAL ANALYSIS**

2 Water sample(s) taken on 10/25/22 All bacterial samples were satisfactory.

**WATER ACCOUNTING**

|                                       |                 |    |                    |         |
|---------------------------------------|-----------------|----|--------------------|---------|
| Total Gallons Received/Billing Period |                 |    |                    |         |
| from                                  | <u>09/16/22</u> | to | <u>10/15/22</u>    |         |
|                                       |                 |    | <u>12,658,000</u>  | Gallons |
| Total Gallons Billed                  |                 |    |                    |         |
| from                                  | <u>09/16/22</u> | to | <u>10/15/22</u>    |         |
|                                       |                 |    | <u>11,089,000</u>  | Gallons |
| Flushing                              | <u>09/16/22</u> | to | <u>10/15/22</u>    |         |
|                                       |                 |    | <u>7,500</u>       | Gallons |
| Billing Adjustments                   |                 |    |                    |         |
| from                                  | <u>09/16/22</u> | to | <u>10/15/22</u>    |         |
|                                       |                 |    | <u>0</u>           | Gallons |
| Gallons gain/loss                     |                 |    | <u>(1,561,500)</u> | Gallons |
| Percentage gain/loss                  |                 |    | <u>-12.34%</u>     |         |



# HEADWATERS MUD - WATER LOSS CHART

| DATE<br>FROM | DATE<br>TO | MASTER<br>METER | CONSUMPTION<br>TOTALS | FLUSHING<br>TOTALS | BILLING<br>ADJUSTMENTS | GALLONS<br>UNACCOUNTED | PERCENT<br>GAIN/LOSS |
|--------------|------------|-----------------|-----------------------|--------------------|------------------------|------------------------|----------------------|
| 10/16/19     | 11/18/19   | 3265000         | 2624000               | 500000             | 0                      | -141000                | -4.32%               |
| 11/19/19     | 12/16/19   | 2440000         | 2031000               | 9000               | 0                      | -400000                | -16.39%              |
| 12/17/19     | 01/15/20   | 1913000         | 1709000               | 0                  | 0                      | -204000                | -10.66%              |
| 01/16/20     | 02/14/20   | 1828000         | 1529000               | 66000              | 0                      | -233000                | -12.75%              |
| 02/15/20     | 03/16/20   | 2282000         | 1904000               | 15000              | 0                      | -363000                | -15.91%              |
| 03/17/20     | 04/15/20   | 2289000         | 2011000               | 12000              | 0                      | -266000                | -11.62%              |
| 04/16/20     | 05/15/20   | 3428000         | 3045000               | 10800              | -3000                  | -375200                | -10.95%              |
| 05/16/20     | 06/15/20   | 3841000         | 3480000               | 9300               | 0                      | -351700                | -9.16%               |
| 06/16/20     | 07/15/20   | 4590000         | 4575000               | 7200               | 0                      | -7800                  | -0.17%               |
| 07/16/20     | 08/14/20   | 5937000         | 5768000               | 6000               | 0                      | -163000                | -2.75%               |
| 08/15/20     | 09/15/20   | 5515000         | 5332000               | 4550               | 0                      | -178450                | -3.24%               |
| 09/16/20     | 10/15/20   | 5249000         | 5129000               | 5700               | 0                      | -114300                | -2.18%               |

|         |  |              |              |           |           |               |        |
|---------|--|--------------|--------------|-----------|-----------|---------------|--------|
| TOTALS  |  | 42,577,000.0 | 39,134,000.0 | 645,550.0 | (3,000.0) | (2,797,450.0) |        |
| AVERAGE |  | 3,548,083.3  | 3,261,416.7  | 53,795.8  | (250.0)   | (233,120.8)   | -6.57% |

|          |          |         |         |       |         |         |         |
|----------|----------|---------|---------|-------|---------|---------|---------|
| 10/16/20 | 11/16/20 | 6321000 | 6343000 | 7600  | -106000 | -76400  | -1.21%  |
| 11/17/20 | 12/15/20 | 5052000 | 5193000 |       |         | 141000  | 2.79%   |
| 12/16/20 | 01/15/21 | 3337000 | 3140000 |       |         | -197000 | -5.90%  |
| 01/16/21 | 02/15/21 | 3679000 | 3128000 | 7500  |         | -543500 | -14.77% |
| 02/16/21 | 03/15/21 | 3117000 | 3191000 | 7500  |         | 81500   | 2.61%   |
| 03/16/21 | 04/15/21 | 5171000 | 4967000 | 7500  |         | -196500 | -3.80%  |
| 04/16/21 | 05/14/21 | 5065000 | 4898000 | 7500  |         | -159500 | -3.15%  |
| 05/15/21 | 06/15/21 | 4556000 | 4689000 | 6900  | -13000  | 126900  | 2.79%   |
| 06/16/21 | 07/15/21 | 6286000 | 6142000 | 7500  | 0       | -136500 | -2.17%  |
| 07/16/21 | 08/16/21 | 7925000 | 8370000 | 8250  | -206000 | 247250  | 3.12%   |
| 08/17/21 | 09/16/21 | 8838000 | 8325000 | 8763  | -309000 | -813237 | -9.20%  |
| 09/17/21 | 10/15/21 | 7160000 | 7367000 | 15900 | 0       | 222900  | 3.11%   |

|         |  |            |            |         |           |            |        |
|---------|--|------------|------------|---------|-----------|------------|--------|
| TOTALS  |  | 66507000.0 | 65753000.0 | 84913.0 | -634000.0 | -1303087.0 |        |
| AVERAGE |  | 5542250.0  | 5479416.7  | 8491.3  | -105666.7 | -108590.6  | -2.15% |

|          |          |          |          |       |   |          |         |
|----------|----------|----------|----------|-------|---|----------|---------|
| 10/16/21 | 11/15/21 | 6595000  | 6536000  | 0     | 0 | -59000   | -0.89%  |
| 11/16/21 | 12/15/21 | 5460000  | 4750000  | 6000  | 0 | -704000  | -12.89% |
| 12/16/21 | 01/15/22 | 6048000  | 5082000  | 7500  | 0 | -958500  | -15.85% |
| 01/16/22 | 02/15/22 | 3950000  | 3739000  | 7500  | 0 | -203500  | -5.15%  |
| 02/16/22 | 03/15/22 | 3890000  | 3839000  | 7500  | 0 | -43500   | -1.12%  |
| 03/16/22 | 04/15/22 | 7158000  | 6570000  | 15000 | 0 | -573000  | -8.01%  |
| 04/16/22 | 05/15/22 | 8637000  | 8352000  | 7500  | 0 | -277500  | -3.21%  |
| 05/16/22 | 06/15/22 | 12378000 | 10648000 | 7800  | 0 | -1722200 | -13.91% |
| 06/16/22 | 07/15/22 | 13672000 | 11910000 | 7500  | 0 | -1754500 | -12.83% |
| 07/16/22 | 08/15/22 | 15708000 | 13083000 | 7500  | 0 | -2617500 | -16.66% |
| 08/16/22 | 09/15/22 | 11858000 | 12770000 | 36000 | 0 | 948000   | 7.99%   |
| 09/16/22 | 10/15/22 | 12658000 | 11089000 | 7500  | 0 | -1561500 | -12.34% |

|         |  |               |              |           |   |               |        |
|---------|--|---------------|--------------|-----------|---|---------------|--------|
| TOTALS  |  | 108,012,000.0 | 98,368,000.0 | 117,300.0 | - | (9,526,700.0) |        |
| AVERAGE |  | 9,001,000.0   | 8,197,333.3  | 9,775.0   | - | (793,891.7)   | -7.91% |

|          |          |          |          |       |   |          |         |
|----------|----------|----------|----------|-------|---|----------|---------|
| 07/16/22 | 08/15/22 | 15708000 | 13083000 | 7500  | 0 | -2617500 | -16.66% |
| 08/16/22 | 09/15/22 | 11858000 | 12770000 | 36000 | 0 | 948000   | 7.99%   |
| 09/16/22 | 10/15/22 | 12658000 | 11089000 | 7500  | 0 | -1561500 | -12.34% |

|                  |  |            |            |         |     |            |        |
|------------------|--|------------|------------|---------|-----|------------|--------|
| TOTALS           |  | 40224000.0 | 36942000.0 | 51000.0 | 0.0 | -3231000.0 |        |
| 3 MONTHS AVERAGE |  | 13408000.0 | 12314000.0 | 17000.0 | 0.0 | -1077000.0 | -7.00% |



# HEADWATERS WATER USAGE SUMMARY REPORT

July 2022

| Billing Period | Residential (gallons) | Amenity Usage Including Irrg. (gallons) | Builder (gallons) | Apartment (gallons) | Apartment Irrigation (gallons) | Commercial (gallons) | Billing Adjustments (gallons) | Fire Hydrant (gallons) | District (gallons) | Monthly Totals (gallons) | M.U.D. Master Meter Reads (gallons) | West Travis PUA Master Mtr (gallons) | Difference Between K-J (gallons) | Flushing (gallons) | Number of Residential Connections | Average Usage 1000 gal | Letters | Terminations |
|----------------|-----------------------|---|-------------------|---------------------|--------------------------------|----------------------|-------------------------------|------------------------|--------------------|--------------------------|-------------------------------------|--------------------------------------|----------------------------------|--------------------|-----------------------------------|------------------------|---------|--------------|
| January 2019   | 380,000               | 87,000                                  | 135,000           | -                   | -                              | -                    | (149,000)                     | 54,000                 | 174,000            | 681,000                  | 741,000                             | 816,000                              | 75,000                           | 11750              | 81                                | 4.7                    | 11      | 0            |
| February 2019  | 418,000               | 86,000                                  | 124,000           | -                   | -                              | -                    | -                             | 258,000                | 84,000             | 970,000                  | 950,000                             | 944,000                              | (6,000)                          | 15500              | 86                                | 4.9                    | 7       | 0            |
| March 2019     | 524,000               | 16,000                                  | 137,000           | -                   | -                              | -                    | -                             | 252,000                | 73,000             | 1,002,000                | 1,044,000                           | 1,047,000                            | 3,000                            | 10000              | 90                                | 5.8                    | 4       | 0            |
| April 2019     | 934,000               | 22,000                                  | 299,000           | -                   | -                              | -                    | -                             | 413,000                | 173,000            | 1,841,000                | 1,976,000                           | 1,832,000                            | (144,000)                        | 25500              | 97                                | 9.6                    | 3       | 0            |
| May 2019       | 816,000               | 74,000                                  | 357,000           | -                   | -                              | -                    | -                             | 349,000                | 126,000            | 1,722,000                | 1,753,000                           | 1,880,000                            | 127,000                          | 16500              | 102                               | 8.0                    | 6       | 0            |
| June 2019      | 1,063,000             | 55,000                                  | 277,000           | -                   | -                              | -                    | -                             | 409,000                | 242,000            | 2,046,000                | 2,155,000                           | 2,139,000                            | (16,000)                         | 29500              | 111                               | 9.6                    | 19      | 0            |
| July 2019      | 1,486,000             | 135,000                                 | 269,000           | -                   | -                              | -                    | -                             | 710,000                | 471,000            | 3,071,000                | 3,219,000                           | 2,977,000                            | (242,000)                        | 6000               | 118                               | 12.6                   | 10      | 0            |
| August 2019    | 1,975,000             | 169,000                                 | 260,000           | -                   | -                              | -                    | -                             | 1,372,000              | 640,000            | 4,416,000                | 4,967,000                           | 4,706,000                            | (261,000)                        | 22500              | 120                               | 16.5                   | 11      | 0            |
| September 2019 | 2,252,000             | 214,000                                 | 693,000           | 402,000             | -                              | -                    | -                             | 1,482,000              | 1,033,000          | 5,674,000                | 5,875,000                           | 5,678,000                            | (197,000)                        | 3000               | 124                               | 18.2                   | 13      | 0            |
| October 2019   | 1,721,000             | 306,000                                 | 490,000           | 135,000             | -                              | 1,000                | -                             | 677,000                | 799,000            | 3,994,000                | 4,353,000                           | 4,681,000                            | 328,000                          | 31000              | 128                               | 13.4                   | 12      | 1            |
| November 2019  | 1,388,000             | 147,000                                 | 249,000           | 187,000             | -                              | 1,000                | -                             | 187,000                | 465,000            | 2,437,000                | 2,971,000                           | 3,334,000                            | 363,000                          | 0                  | 128                               | 10.8                   | 15      | 0            |
| December 2019  | 931,000               | 102,000                                 | 262,000           | 164,000             | -                              | -                    | -                             | 192,000                | 380,000            | 1,867,000                | 2,729,000                           | 2,669,000                            | (60,000)                         | 9000               | 132                               | 7.1                    | 8       | 0            |
| January 2020   | 901,000               | 76,000                                  | 249,000           | 179,000             | -                              | 1,000                | -                             | 82,000                 | 221,000            | 1,530,000                | 1,970,000                           | 1,936,000                            | (34,000)                         | 0                  | 133                               | 6.8                    | 17      | 1            |
| February 2020  | 845,000               | 59,000                                  | 205,000           | 210,000             | -                              | 1,000                | -                             | 51,000                 | 158,000            | 1,319,000                | 1,885,000                           | 1,931,000                            | 46,000                           | 66000              | 138                               | 6.1                    | -       | 0            |
| March 2020     | 1,061,000             | 59,000                                  | 257,000           | 265,000             | -                              | -                    | -                             | 69,000                 | 193,000            | 1,639,000                | 2,122,000                           | 2,060,000                            | (62,000)                         | 15000              | 146                               | 7.3                    | -       | 0            |
| April 2020     | 1,285,000             | 80,000                                  | 271,000           | 295,000             | -                              | -                    | -                             | 28,000                 | 52,000             | 1,716,000                | 2,342,000                           | 2,435,000                            | 93,000                           | 13000              | 152                               | 8.5                    | -       | 0            |
| May 2020       | 2,006,000             | 144,000                                 | 389,000           | 310,000             | -                              | -                    | (3,000)                       | 33,000                 | 163,000            | 2,732,000                | 3,178,000                           | 3,365,000                            | 187,000                          | 10800              | 170                               | 11.8                   | 34      | 0            |
| June 2020      | 2,433,000             | 174,000                                 | 341,000           | 341,000             | -                              | -                    | -                             | 44,000                 | 147,000            | 3,139,000                | 3,981,000                           | 3,562,000                            | (419,000)                        | 9300               | 176                               | 13.8                   | 22      | 0            |
| July 2020      | 3,005,000             | 190,000                                 | 476,000           | 364,000             | -                              | -                    | -                             | 76,000                 | 464,000            | 4,211,000                | 4,735,000                           | 4,319,000                            | (416,000)                        | 7200               | 186                               | 16.2                   | 10      | 0            |
| August 2020    | 3,065,000             | 259,000                                 | 526,000           | 357,000             | 265,000                        | -                    | -                             | 1,060,000              | 236,000            | 5,768,000                | 5,761,000                           | 6,291,000                            | 530,000                          | 6000               | 188                               | 16.3                   | -       | 0            |
| September 2020 | 2,803,000             | 48,000                                  | 657,000           | 393,000             | 215,000                        | -                    | -                             | 975,000                | 241,000            | 5,332,000                | 5,579,000                           | 5,320,000                            | (259,000)                        | 4550               | 199                               | 14.1                   | 21      | 0            |
| October 2020   | 2,670,000             | 34,000                                  | 509,000           | 351,000             | 259,000                        | -                    | -                             | 646,000                | 660,000            | 5,129,000                | 5,149,000                           | 5,267,000                            | 118,000                          | 5700               | 211                               | 12.7                   | 19      | 0            |
| November 2020  | 3,004,000             | 54,000                                  | 790,000           | 361,000             | 367,000                        | -                    | (116,000)                     | 1,674,000              | 638,000            | 6,772,000                | 9,561,000                           | 9,874,000                            | 313,000                          | 7600               | 221                               | 13.6                   | 18      | 0            |
| December 2020  | 2,063,000             | 98,000                                  | 490,000           | 301,000             | 215,000                        | -                    | -                             | 1,467,000              | 1,019,000          | 5,653,000                | 4,448,000                           | 4,479,000                            | 31,000                           | 0                  | 233                               | 8.9                    | 28      | 0            |
| January 2021   | 1,749,000             | 91,000                                  | 209,000           | 351,000             | 59,000                         | -                    | -                             | 336,000                | 345,000            | 3,140,000                | 2,648,000                           | 2,775,000                            | 127,000                          | 0                  | 245                               | 7.1                    | 37      | 0            |
| February 2021  | 1,912,000             | 19,000                                  | 222,000           | 367,000             | 8,000                          | -                    | -                             | 470,000                | 130,000            | 3,128,000                | 3,339,000                           | 3,316,000                            | (23,000)                         | 7500               | 256                               | 7.5                    | 35      | 0            |
| March 2021     | 2,043,000             | 32,000                                  | 417,000           | 344,000             | 19,000                         | -                    | -                             | 218,000                | 118,000            | 3,191,000                | 4,339,000                           | 4,535,000                            | 196,000                          | 7500               | 277                               | 7.4                    | 7       | 0            |
| April 2021     | 3,315,000             | 72,000                                  | 480,000           | 355,000             | 24,000                         | -                    | -                             | 550,000                | 171,000            | 4,967,000                | 5,305,000                           | 5,553,000                            | 248,000                          | 7500               | 294                               | 11.3                   | 18      | 0            |
| May 2021       | 3,096,000             | 215,000                                 | 433,000           | 324,000             | 23,000                         | -                    | -                             | 295,000                | 512,000            | 4,898,000                | 4,394,000                           | 4,318,000                            | (76,000)                         | 7500               | 308                               | 10.1                   | 38      | 0            |
| June 2021      | 2,988,000             | 57,000                                  | 402,000           | 363,000             | 26,000                         | -                    | -                             | 567,000                | 286,000            | 4,689,000                | 6,032,000                           | 5,889,000                            | (143,000)                        | 6900               | 326                               | 9.2                    | 23      | 0            |
| July 2021      | 4,108,000             | 240,000                                 | 275,000           | 332,000             | 25,000                         | -                    | -                             | 471,000                | 375,000            | 5,826,000                | 6,770,000                           | 7,014,000                            | 244,000                          | 7500               | 340                               | 12.1                   | 31      | 0            |
| August 2021    | 5,240,000             | 345,000                                 | 552,000           | 367,000             | 70,000                         | -                    | -                             | 603,000                | 884,000            | 8,061,000                | 7,765,000                           | 7,504,000                            | (261,000)                        | 8250               | 355                               | 14.8                   | -       | 0            |
| September 2021 | 5,215,000             | 382,000                                 | 721,000           | 369,000             | 28,000                         | -                    | -                             | 651,000                | 960,000            | 8,326,000                | 8,715,000                           | 8,705,000                            | (10,000)                         | 8325               | 367                               | 14.2                   | 43      | 0            |
| October 2021   | 4,862,000             | 171,000                                 | 597,000           | 362,000             | 41,000                         | -                    | -                             | 574,000                | 760,000            | 7,367,000                | 7,032,000                           | 7,051,000                            | 19,000                           | 15900              | 382                               | 12.7                   | 38      | 0            |
| November 2021  | 4,295,000             | 146,000                                 | 429,000           | 405,000             | 34,000                         | -                    | -                             | 521,000                | 708,000            | 6,538,000                | 5,801,000                           | 5,780,000                            | (21,000)                         | 0                  | 387                               | 11.1                   | 36      | 0            |
| December 2021  | 3,395,000             | 52,000                                  | 429,000           | 332,000             | 32,000                         | -                    | -                             | 338,000                | 174,000            | 4,752,000                | 5,374,000                           | 5,700,000                            | 326,000                          | 6000               | 397                               | 8.6                    | -       | 0            |
| January 2022   | 2,951,000             | 15,000                                  | 227,000           | 375,000             | 39,000                         | -                    | -                             | 1,475,000              | 2,000              | 5,084,000                | 5,527,000                           | 5,206,000                            | (321,000)                        | 7500               | 406                               | 7.3                    | 54      | 0            |
| February 2022  | 2,551,000             | 41,000                                  | 175,000           | 422,000             | 25,000                         | -                    | -                             | 457,000                | 71,000             | 3,742,000                | 3,454,000                           | 3,438,000                            | (16,000)                         | 7500               | 415                               | 6.1                    | 23      | 0            |
| March 2022     | 2,658,000             | 48,000                                  | 191,000           | 352,000             | 31,000                         | -                    | -                             | 392,000                | 144,000            | 3,816,000                | 5,429,000                           | 5,439,000                            | 10,000                           | 7500               | 416                               | 6.4                    | 23      | 0            |
| April 2022     | 4,837,000             | 130,000                                 | 499,000           | 363,000             | 10,000                         | 25,000               | -                             | 19,000                 | 582,000            | 6,465,000                | 8,227,000                           | 8,225,000                            | (2,000)                          | 15000              | 416                               | 11.6                   | 34      | 0            |
| May 2022       | 5,234,000             | 163,000                                 | 851,000           | 331,000             | 15,000                         | 26,000               | -                             | 723,000                | 868,000            | 8,211,000                | 10,119,000                          | 10,115,000                           | (4,000)                          | 7500               | 428                               | 12.2                   | 62      | 2            |
| June 2022      | 6,241,000             | 470,000                                 | 947,000           | 327,000             | -                              | 38,000               | -                             | 721,000                | 1,472,000          | 10,216,000               | 13,406,000                          | 13,400,000                           | (6,000)                          | 7800               | 452                               | 13.8                   | 81      | 0            |
| July 2022      | 7,476,000             | 510,000                                 | 1,553,000         | 308,000             | 123,000                        | 39,000               | -                             | 187,000                | 1,243,000          | 11,439,000               | 14,870,000                          | 14,923,000                           | 53,000                           | 7500               | 469                               | 15.9                   | 45      | 0            |
| August 2022    | 8,991,000             | 397,000                                 | 1,182,000         | 333,000             | 171,000                        | -                    | -                             | 572,000                | 1,081,000          | 12,727,000               | 13,681,000                          | 13,643,000                           | (38,000)                         | 7500               | 491                               | 18.3                   | 51      | 5            |
| September 2022 | 7,732,000             | 240,000                                 | 660,000           | 357,000             | 91,000                         | -                    | -                             | 2,800,000              | 890,000            | 12,770,000               | 12,949,000                          | 12,946,000                           | (3,000)                          | 36000              | 500                               | 15.5                   | 58      | 0            |
| October 2022   | 7,732,000             | 94,000                                  | 826,000           | 355,000             | 3,000                          | -                    | -                             | 962,000                | 1,117,000          | 11,089,000               | 11,393,000                          | 11,399,000                           | 6,000                            | 7500               | 508                               | 15.2                   | 71      | 3            |
| <b>Total</b>   | <b>146,589,000</b>    | <b>9,215,000</b>                        | <b>25,161,982</b> | <b>12,409,000</b>   | <b>2,218,000</b>               |                      | <b>(2,204,000)</b>            | <b>27,351,000</b>      | <b>36,810,000</b>  | <b>254,829,982</b>       | <b>278,384,000</b>                  | <b>273,199,000</b>                   | <b>338,000</b>                   | <b>677,475</b>     |                                   |                        |         |              |

**Active**      **Residential**      **Amenity Center**      **Builder**      **Apartment**      **Apartment Irrigation**      **Irrigation**      **Fire Hydrant**      **District**      **Total**      **Master-Meter**      **Read Dates**  
**Vacant**      **508**      **1**      **102**      **1**      **1**      **2**      **6**      **8**      **631**      **11,393,000**      **09/16/22-10/15/22**



## HEADWATERS MUNICIPAL UTILITY DISTRICT

### Water Report

October 2022

#### Total Water Flows

| Month        | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| January      |               | 642           | 934           | 1,859         | 2,877         | 5,527         |
| February     |               | 580           | 922           | 1,949         | 3,451         | 3,454         |
| March        |               | 954           | 1,509         | 2,414         | 4,795         | 5,429         |
| April        |               | 1,507         | 2,078         | 2,807         | 5,305         | 7,953         |
| May          |               | 2,080         | 1,914         | 3,415         | 4,394         | 10,393        |
| June         |               | 3,462         | 2,411         | 4,606         | 6,032         | 13,406        |
| July         |               | 3,846         | 3,986         | 5,418         | 6,770         | 14,870        |
| August       | 4,405         | 4,275         | 5,574         | 6,124         | 7,765         | 13,681        |
| September    | 3,528         | 1,695         | 5,190         | 4,172         | 8,715         | 12,140        |
| October      | 1,689         | 1,184         | 3,911         | 6,208         | 7,032         | 12,202        |
| November     | 1,568         | 1,625         | 2,752         | 6,078         | 5,801         |               |
| December     | 744           | 1,126         | 2,284         | 4,238         | 5,374         |               |
| <b>TOTAL</b> | <b>11,934</b> | <b>22,976</b> | <b>33,465</b> | <b>49,288</b> | <b>68,311</b> | <b>99,055</b> |

#### Bacteriological Analyses

Samples: 2 satisfactory taken on 10/25/22

#### Chlorine Residual

|               | October |
|---------------|---------|
| Average       | 2.6     |
| Maximum (4.0) | 3.4     |
| Minimum (0.5) | 1.7     |

#### Total Wastewater Billed

| Month     | 2017  | 2018    | 2019    | 2020    | 2021     | 2022     |
|-----------|-------|---------|---------|---------|----------|----------|
| January   |       | 909.1   | 1,757.6 | 4,595.8 | 7,500.2  | 10,018.7 |
| February  |       | 994.3   | 1,793.9 | 4,713.5 | 7,941.9  | 9,792.2  |
| March     |       | 1,145.4 | 1,798.2 | 4,948.9 | 8,254.9  | 10,043.7 |
| April     |       | 1,292.7 | 1,962.6 | 5,281.2 | 9,250.2  | 11,509.2 |
| May       |       | 1,401.5 | 2,022.2 | 5,603.9 | 9,506.7  | 12,193.5 |
| June      |       | 1,541.6 | 2,171.4 | 5,795.3 | 9,661.9  | 12,650.3 |
| July      |       | 1,672.8 | 2,307.6 | 6,177.0 | 10,181.9 | 13,111.6 |
| August    | 653.1 | 1,716.6 | 2,464.4 | 6,442.1 | 10,545.0 | 13,587.1 |
| September | 762.6 | 1,848.8 | 4,018.5 | 6,802.1 | 10,711.0 | 13,604.9 |
| October   | 822.9 | 1,606.2 | 5,252.2 | 7,222.2 | 10,797.8 | 13,731.2 |
| November  | 895.2 | 1,621.9 | 4,567.6 | 7,540.2 | 10,684.2 |          |
| December  | 911.7 | 1,807.4 | 4,549.6 | 7,594.8 | 10,326.2 |          |



**HEADWATERS MUNICIPAL UTILITY DISTRICT**  
**MAINTENANCE LOG > \$500**  
**October 2022**

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|          |        |                                  |  |            |
|----------|--------|----------------------------------|--|------------|
| 03/04/22 | 339776 | HEADWATERS LS2 TIERRA TRL        | CHECKED CONTROL PANEL. OPERATOR REPORTED HIGH LEVEL, PUMPS NOT RESPONDING. FOUND THAT SYSMCOMM RELAY AND MOTOR SAVER HAD GONE BAD. REPLACED RELAYS, TESTED FUNCTIONS, RETURNED TO AUTO   | \$3,509.14 |
| 03/16/22 | 340790 | 136 MOONLIT STREAM PASS          | REPLACED BROKEN CURBSTOP. BOTH ADDRESSES NEEDED 1" ANGLE STOPS. WE DUG THE METER BOX OUT AND CRIMPED THE SERVICE LINE TO THEN REPLACE THE ANGLE STOPS. 136 AND 124 MOONLIT STREAM.   | \$627.14   |
| 03/10/22 | 340266 | 2009 HEADWATERS BLVD             | SANITARY SYSTEM WORK COMPLETE. WE MOVED A SEWER STUB OUT 5FT THAT IT SHOULD NOT BE IN THE WAY. MADE IT TO GRADE AS WELL.   | \$593.28   |
| 02/21/22 | 338523 | HEADWATERS LS2 - TIERRA TRL      | SUBCONTRACT WORK COMPLETED AT FACILITY-ANNUAL INSPECTION OF GENERATOR.   | \$1,536.40 |
| 02/21/22 | 338524 | HEADWATERS COMMERCIAL LS-BEVERLY | SUBCONTRACT WORK COMPLETED AT FACILITY-ANNUAL INSPECTION OF GENERATOR.   | \$1,605.40 |
| 02/21/22 | 338539 | HEADWATERS LS1-HAZY HILLS        | SUBCONTRACT WORK COMPLETED AT FACILITY-ANNUAL INSPECTION OF GENERATOR.   | \$1,645.65 |
| 04/11/22 | 342423 | IN DISTRICT HEADWATERS           | REPLACED BROKEN CURBSTOP. TWO ANGLE STOPS ENDS WERE BENT AND COULD NOT THREAD ON TO THE METERS. WE DUG UP THE METER BOXES AND DUG DOWN TO THE ANGLE STOPS AND CRIMPED THE LINE TO THEN REPLACE BOTH ANGLE STOPS FOR ADDRESSES 124 & 136 SAGE THRASHER. | \$1,022.28 |
| 04/13/22 | 343133 | F/H HEADWATERS BLVD-ROUNDAABOUT  | INSTALL FIRE HYDRANT METER-PICKED UP METER FROM FMS-INSTALLED METER AND LOCKED IT UP.  | \$2,031.87 |
| 03/04/22 | 339726 | HEADWATERS LS2- TIERRA TRL       | PRESSURE LOW, HAS ALREADY CALLED FLEET MAINTENANCE SO THEY CAN TAKE A LOOK. DIAGNOSE AND REPLACED OIL PRESSURE SWITCH.   | \$934.71   |



**HEADWATERS MUNICIPAL UTILITY DISTRICT**  
**MAINTENANCE LOG > \$500**  
**October 2022**

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|          |        |                              |   |             |
|----------|--------|------------------------------|---|-------------|
| 05/04/22 | 344617 | 417 MOONLIT STREAM PASS      | REPLACED BROKEN CURBSTOP. DUG IP METER BOX AND EXPOSED SERVICE LINE AND CRIMPED THE LINE TO REPLACE ANGLE STOP. BACKFILLED HOLE AND REINSTALLED METER BOX.                              | \$584.66    |
| 05/20/22 | 347011 | 595 DAYRIDGE DRIVE           | HOUSELINE LEAK. ISOLATED IRRIGATION MAIN THAT WAS LEAKING IN CUSTOMERS YARD. THOUGHT IT WAS ISOLATED ON 5/20. FOUND ADDITIONAL VALVE 5/21 FOLLOWING REPORT OF LEAK PERSISTING.          | \$1,097.95  |
| 05/27/22 | 347785 | 232 MOONLIT STREAM PASS      | WATER SYSTEM WORK COMPLETE. DUG UP ANGLE STOP, CRIMPED LINE AND REPLACED THE ANGLE STOP. BACKFILLED HOLE AND CLEANED SITE.  | \$614.35    |
| 02/22/22 | 338720 | IN DISTRICT HEADWATERS       | PURCHASED METERS FOR INVENTORY- SOLD 60 MANUAL READ METERS TO HEADWATERS FROM CROSSROADS INVENTORY  | \$5,879.55  |
| 05/25/22 | 347401 | IN DISTRICT HEADWATERS       | PURCHASED METERS FOR INVENTORY  | \$12,774.04 |
| 07/08/22 | 352177 | F/H CRIMSON SKY COURT        | REPAIRED METER- REPLACED BACKFLOW PREVENTER ON SITE   | \$1,313.12  |
| 07/13/22 | 352632 | IN DISTRICT HEADWATERS       | WATER SYSTEM WORK COMPLETE- PICKED UP 2 PSI DATA LOGGERS FROM FMS AND DROVE TO DISTRICT- INSTALLED LOGGER AT FIRST HYDRANT ON HEADWATER BLVD AND ANOTHER ON FLATHEAD DR NEAR APARTMENTS | \$559.23    |
| 07/18/22 | 353190 | IN DISTRICT HEADWATERS       | PURCHASED SUPPLIES- PURCHASED F/H METER- REPLACED OLD METER W/NEW METER- TURNED ON AND MADE SURE IT WASN'T LEAKING.   | \$2,089.37  |
| 02/08/22 | 335812 | F/H FLATHEAD DR & BEVERLY DR | PULL FIRE HYDRANT METER AND DROPPED OFF AT FMS  | \$550.49    |
| 07/26/22 | 354022 | IN DISTRICT HEADWATERS       | COMPLETE WORK ON FIRE HYDRANT. REPLACED HYDRANT NOZZLE AND CONNECTED METER BACK ON. STARFIRE AND SMOKE TREE   | \$530.19    |

**HEADWATERS MUNICIPAL UTILITY DISTRICT**  
**MAINTENANCE LOG > \$500**  
**October 2022**

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|                          |        |                                  |  |                    |
|--------------------------|--------|----------------------------------|--|--------------------|
| 07/31/22                 | 354506 | IN DISTRICT HEADWATERS           | HOUSELINE LEAK. ISOLATED IRRIGATION LEAK. O<br>ISSUE FOR THE DISTRICT. HAZY HILLS AND DAY<br>RIDGE                   | \$603.42           |
| 08/15/22                 | 356123 | IN DISTRICT HEADWATERS           | REPAIRED METER- F/H METER LEAKINH CALLED<br>FMS TO COME OUT AND FIX LEAK. FMS<br>RESOLVED ISSUE. F/H HEADWATERS BLVD | \$594.37           |
| 09/06/22                 | 358393 | HEADWATERS COMMERCIAL LS-BEVERLY | DIESEL TANK(S) FILLED  | \$1,170.87         |
| 08/29/22                 | 357918 | 1825 HAZY HILLS LOOP             | REPLACED BROKEN CURBSTOP. EXPOSED<br>ANGLE STOP AND CRIMPED THE LINE TO THEN<br>REPLACE THE 1" ANGLE STOP.           | \$836.42           |
| <b>TOTAL FOR 2021/22</b> |        |                                  |  | <b>\$42,703.90</b> |

# HEADWATERS MUNICIPAL UTILITY DISTRICT

## Billing Report

October 2022

| Connections | September | October |
|-------------|-----------|---------|
| Active      | 679       | 683     |
| Inactive    | 4         | 5       |
| Total       | 683       | 688     |

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|              |    |    |
|--------------|----|----|
| New Connects | 16 | 18 |
|--------------|----|----|

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### Billing Recap

|                         | September           | October             |
|-------------------------|---------------------|---------------------|
| <b>Current Billing</b>  | <b>\$181,466.16</b> | <b>\$140,417.95</b> |
| Water                   | \$108,115.74        | \$66,807.92         |
| Sewer                   | \$10,314.36         | \$10,623.36         |
| State Assessment        | \$902.24            | \$698.15            |
| Water Base              | \$32,994.01         | \$33,091.31         |
| Sewer Base              | \$29,139.81         | \$29,197.21         |
| Miscellaneous           | \$0.00              | \$0.00              |
|                         |                     |                     |
| <b>Current Payments</b> | <b>\$201,296.69</b> | <b>\$152,401.50</b> |
|                         |                     |                     |
| <b>Arrears</b>          |                     |                     |
| 30 Day                  | \$16,876.10         | \$8,822.13          |
| 60 Day                  | \$1,219.27          | \$1,444.79          |
| 90 Day                  | \$42.00             | \$121.57            |
| 120 Day                 | \$8,040.29          | \$8,040.29          |
| <b>Gross Arrears</b>    | <b>\$26,177.66</b>  | <b>\$18,428.78</b>  |

| Month           | Sept | Oct |
|-----------------|------|-----|
| Total Customers | 683  | 688 |
| Letters         | 58   | 71  |
| Disconnects     | 0    | 3   |



CUSTOMER BILLING REPORT  
HEADWATERS MUNICIPAL UTILITY DISTRICT  
September 21, 2022 Through October 20, 2022

Current Billing

|                       |           |              |
|-----------------------|-----------|--------------|
| Water                 | 66,807.92 |              |
| Sewer                 | 10,623.36 |              |
| TCEQ                  | 698.15    |              |
| Water Base            | 33,091.31 |              |
| Sewer Base            | 29,197.21 |              |
| Misc                  | 0.00      |              |
|                       | -----     |              |
| Total Current Billing |           | \$140,417.95 |

Aged Receivables

|                        |           |             |
|------------------------|-----------|-------------|
| 30 Days                | 8,822.13  |             |
| 60 Days                | 1,444.79  |             |
| 90 Days                | 121.57    |             |
| 120 Days               | 8,040.29  |             |
|                        | -----     |             |
| Billed Arrears         | 18,428.78 |             |
| Credit Bal Fwd         | -6,445.23 |             |
|                        | -----     |             |
| Total Aged Receivables |           | \$11,983.55 |

Accounts Receivables

|                            |           |              |
|----------------------------|-----------|--------------|
| Penalty                    | 1,303.29  |              |
| Water                      | 74,460.67 |              |
| Sewer                      | 10,527.26 |              |
| TCEQ                       | 782.64    |              |
| Water Base                 | 35,009.87 |              |
| Sewer Base                 | 30,195.49 |              |
| Deposit                    | 0.00      |              |
| Miscellaneous              | 122.28    |              |
|                            | -----     |              |
| Total Accounts Receivables |           | \$152,401.50 |

Deposit Liability

|                  |          |              |
|------------------|----------|--------------|
| Balance As Of    | 09/21/22 | \$133,100.00 |
| Collections      |          | 2,400.00     |
| Deposits Applied |          | -1,000.00    |
|                  |          | -----        |
| Balance As Of    | 10/20/22 | \$134,500.00 |



**HEADWATERS MUNICIPAL UTILITY DISTRICT  
GENERAL MANAGER'S REPORT  
WRITE-OFF LIST  
October 2022**

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There are no write-offs for this period.

HEADWATERS MUD WRITE-OFFS FISCAL YEAR TOTALS

|                           | 2021/22   | 2022/23 |
|---------------------------|-----------|---------|
| <b>OCTOBER</b>            |           |         |
| WRITE-OFF                 | \$ -      | \$ -    |
| COLLECTED                 | \$ -      | \$ -    |
| <b>NOVEMBER</b>           |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>DECEMBER</b>           |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>JANUARY</b>            |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>FEBRUARY</b>           |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>MARCH</b>              |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>APRIL</b>              |           |         |
| WRITE-OFF                 | \$ 386.99 |         |
| COLLECTED                 | \$ -      |         |
| <b>MAY</b>                |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>JUNE</b>               |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>JULY</b>               |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>AUGUST</b>             |           |         |
| WRITE-OFF                 | \$ -      |         |
| COLLECTED                 | \$ -      |         |
| <b>SEPTEMBER</b>          |           |         |
| WRITE-OFF                 | \$ 127.47 |         |
| COLLECTED                 | \$ -      |         |
| <b>TOTAL COLLECTIONS:</b> | \$ 514.46 | \$ -    |
| <b>TOTAL COLLECTED:</b>   | \$ -      | \$ -    |



# Headwaters Municipal Utility District

Monthly Meter Read Comparison for: October 2022  
In 1000 gallons

|          | <u>PUA</u> |           |              | <u>Headwaters Municipal Utility District</u> |           |              |
|----------|------------|-----------|--------------|--|-----------|--------------|
|          | 10/3/2022  | 11/1/2022 |              | 10/3/2022                                    | 11/1/2022 |              |
|          | Previous   | Current   | Usage (Kgal) | Previous                                     | Current   | Usage (Kgal) |
| HWY. 290 | 293072     | 304471    | 11399        | 293064                                       | 304457    | 11393        |
| Totals   |            |           | 11399        |  |           | 11393        |
|          |            |           |              | Difference                                   |           | <u>6</u>     |

### **The Ridge at Headwaters - Month End Occupancy & Leased Percentages - YTD**

|                           |     | 19-Jul | 19-Aug | 19-Sep  | 19-Oct  | 19-Nov  | 19-Dec  |
|---------------------------|-----|--------|--------|---------|---------|---------|---------|
| Ending Occupancy          |     | 5.19%  | 15.48% | 26.19%  | 31.55%  | 36.90%  | 52.98%  |
| Number of Occupied Units  |     | 9      | 26     | 44      | 53      | 62      | 89      |
| Ending Leased             |     | 27.38% | 33.93% | 42.26%  | 45.24%  | 55.36%  | 65.48%  |
| Units Leased (168 total)  | 168 | 46     | 57     | 71      | 76      | 93      | 110     |
| Amount Billed in Gallons  |     |        |        | 402,000 | 135,000 | 187,000 | 164,000 |
| Average per Occupied Unit |     |        |        | 9,136.5 | 2,547.0 | 3,016.5 | 1,842.6 |

|                           |     | 20-Jan  | 20-Feb  | 20-Mar  | 20-Apr  | 20-May  | 20-Jun  | 20-Jul  | 20-Aug  | 20-Sep  | 20-Oct  | 20-Nov  | 20-Dec  |
|---------------------------|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ending Occupancy          |     | 58.34%  | 69.00%  | 79.66%  | 89.01%  | 95.00%  | 96.43%  | 98.00%  | 98.00%  | 98.00%  | 98.00%  | 90.00%  | 94.00%  |
| Number of Occupied Units  |     | 98      | 116     | 134     | 150     | 160     | 162     | 165     | 165     | 165     | 165     | 151     | 158     |
| Ending Leased             |     | 71.43%  | 79.00%  | 86.57%  | 93.12%  | 98.00%  | 98.81%  | 100.00% | 99.00%  | 99.00%  | 99.00%  | 95.00%  | 97.00%  |
| Units Leased (168 total)  | 168 | 120     | 133     | 145     | 156     | 165     | 166     | 168     | 166.32  | 166.32  | 166.32  | 159.6   | 163     |
| Amount Billed in Gallons  |     | 179,000 | 210,000 | 265,000 | 295,000 | 310,000 | 341,000 | 364,000 | 357,000 | 393,000 | 351,000 | 361,000 | 301,000 |
| Average per Occupied Unit |     | 1,826.3 | 1,811.6 | 1,980.1 | 1,972.8 | 1,942.4 | 2,104.9 | 2,210.9 | 2,168.4 | 2,387.0 | 2,131.9 | 2,387.6 | 1,906.0 |

|                           |     | 21-Jan  | 21-Feb  | 21-Mar  | 21-Apr  | 21-May  | 21-Jun  | 21-Jul  | 21-Aug  | 21-Sep  | 21-Oct  | 21-Nov  | 21-Dec  |
|---------------------------|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ending Occupancy          |     | 94.00%  | 91.00%  | 99.35%  | 99.35%  | 96.42%  | 97.20%  | 99.40%  | 97.61%  | 98.80%  | 97.61%  | 95.83%  | 95.23%  |
| Number of Occupied Units  |     | 158     | 153     | 166     | 166     | 161     | 165     | 167     | 164     | 165     | 163     | 161     | 160     |
| Ending Leased             |     | 97.00%  | 94.00%  | 100%    | 100%    | 100%    | 100%    | 100     | 100%    | 100%    | 100%    | 99%     | 99%     |
| Units Leased (168 total)  | 168 | 163     | 158     | 167     | 167     | 167     | 165     | 167     | 164     | 167     | 167     | 166     | 166     |
| Amount Billed in Gallons  |     | 351,000 | 367,000 | 344,000 | 355,000 | 324,000 | 363,000 | 332,000 | 367,000 | 369,000 | 362,000 | 405,000 | 332,000 |
| Average per Occupied Unit |     | 2,222.6 | 2,400.6 | 2,072.3 | 2,138.6 | 2,012.4 | 2,200.0 | 1,988.0 | 2,237.8 | 2,236.4 | 2,220.9 | 2,515.5 | 2,075.0 |

|                           |     | 22-Jan  | 22-Feb  | 22-Mar  | 22-Apr  | 22-May  | 22-Jun  | 22-Jul  | 22-Aug  | 22-Sep  | 22-Oct  |  |  |
|---------------------------|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|--|
| Ending Occupancy          |     | 97.61%  | 99.40%  | 97.02%  | 95.23%  | 96.42%  | 97.62%  | 95.23%  | 95.83%  | 96.42%  | 97.02%  |  |  |
| Number of Occupied Units  |     | 163     | 166     | 162     | 165     | 163     | 164     | 161     | 161     | 162     | 163     |  |  |
| Ending Leased             |     | 99.40%  | 100.00% | 98.21%  | 99%     | 99.40%  | 97.62%  | 99.40%  | 98.80%  | 95.83%  | 97.62%  |  |  |
| Units Leased (168 total)  | 168 | 166     | 166     | 164     | 164     | 154     | 164     | 166     | 165     | 161     | 164     |  |  |
| Amount Billed in Gallons  |     | 375,000 | 422,000 | 352,000 | 363,000 | 331,000 | 327,000 | 308,000 | 333,000 | 357,000 | 355,000 |  |  |
| Average per Occupied Unit |     | 2,300.6 | 2,542.2 | 2,172.8 | 2,200.0 | 2,030.7 | 1,993.9 | 1,913.0 | 2,068.3 | 2,203.7 | 2,177.9 |  |  |

Meters are read on the 15th of each month.



## HEADWATERS Water Usage Analysis

(Usage in Thousands of Gallons)

| Account Number                 | District   | 21-Oct       | 21-Nov       | 21-Dec       | 22-Jan       | 22-Feb       | 22-Mar       | 22-Apr       | 22-May       | 22-Jun        | 22-Jul        | 22-Aug        | 22-Sep        | 22-Oct        |
|--------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 101-00001-00                   | 2401 A Headwaters Blvd Irrigation                                    | 284          | 296          | 114          | 0            | 51           | 77           | 372          | 499          | 102           | 711           | 350           | 426           | 379           |
| 101-00002-00                   | 2401 B Headwaters Blvd Irrigation                                    | 93           | 282          | 52           | 0            | 17           | 65           | 196          | 259          | 746           | 269           | 373           | 75            | 373           |
| 101-99996-00                   | 251 A Hazy Hills Irrigation.   | 232          | 78           | 6            | 0            | 0            | 0            | 6            | 79           | 542           | 181           | 298           | 284           | 270           |
| 101-99997-00                   | 830 A Dayridge Irrigation.   | 151          | 50           | 0            | 0            | 0            | 0            | 6            | 29           | 50            | 81            | 60            | 105           | 95            |
| 101-99994-00                   | 2699 E Hwy 290 Unit# 1 Lift Station 1<br>Const. Water 708 Headwaters | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 31            | 0             | 0             | 0             | 0             |
| 101-99995-00                   | 2699 E Hwy 290 Unit# 2 Lift Station 2                                | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             | 0             | 0             | 0             | 0             |
| 101-00181-01                   | 2531 Beverly Dr- Lift Station  | 0            | 2            | 2            | 2            | 3            | 2            | 2            | 2            | 1             | 1             | 0             | 0             | 0             |
| <b>Total District</b>          |  | <b>760</b>   | <b>708</b>   | <b>174</b>   | <b>2</b>     | <b>71</b>    | <b>144</b>   | <b>582</b>   | <b>868</b>   | <b>1472</b>   | <b>1243</b>   | <b>1081</b>   | <b>890</b>    | <b>1117</b>   |
| <b>Residential HOA</b>         |  |              |              |              |              |              |              |              |              |               |               |               |               |               |
| 101-99993-00                   | 708 B Irrigation   | 72           | 52           | 10           | 0            | 6            | 6            | 31           | 66           | 226           | 200           | 160           | 95            | 16            |
| 101-99998-01                   | 708 Headwaters Amentiy Center Domestic                               | 16           | 82           | 13           | 15           | 24           | 23           | 25           | 22           | 38            | 39            | 41            | 22            | 25            |
| 101-99992-00                   | 780 A Irrigation   | 83           | 12           | 29           | 0            | 11           | 19           | 74           | 75           | 206           | 271           | 196           | 123           | 53            |
| <b>Total Residential HOA</b>   |  | <b>171</b>   | <b>146</b>   | <b>52</b>    | <b>15</b>    | <b>41</b>    | <b>48</b>    | <b>130</b>   | <b>163</b>   | <b>470</b>    | <b>510</b>    | <b>397</b>    | <b>240</b>    | <b>94</b>     |
| <b>Single Family Residents</b> |  |              |              |              |              |              |              |              |              |               |               |               |               |               |
|                                |  | 384          | 392          | 398          | 410          | 417          | 418          | 416          | 429          | 452           | 469           | 491           | 500           | 508           |
|                                | Total SFR Usage  | 4862         | 4295         | 3395         | 2951         | 2551         | 2658         | 4837         | 5238         | 6241          | 7476          | 8991          | 7732          | 7732          |
|                                | Average SFR Usage  | 12.7         | 11.0         | 8.5          | 7.2          | 6.1          | 6.4          | 11.6         | 12.2         | 13.8          | 15.9          | 18.3          | 15.5          | 15.2          |
| <b>Multi Family</b>            |  |              |              |              |              |              |              |              |              |               |               |               |               |               |
|                                |  | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1             | 1             | 1             | 1             | 1             |
|                                | Domestic Usage   | 362          | 405          | 332          | 375          | 422          | 352          | 363          | 331          | 327           | 308           | 333           | 357           | 355           |
| 101-00284-01                   | Irrigation Usage   | 41           | 32           | 30           | 37           | 22           | 29           | 35           | 37           | 38            | 162           | 171           | 91            | 3             |
|                                | Average MF Usage   | 362.0        | 405.0        | 332.0        | 375.0        | 422.0        | 352.0        | 363.0        | 331.0        | 327.0         | 308.0         | 333.0         | 357.0         | 355.0         |
| <b>Builders</b>                |  |              |              |              |              |              |              |              |              |               |               |               |               |               |
|                                | Connections  | 61           | 57           | 51           | 41           | 33           | 69           | 102          | 134          | 128           | 130           | 112           | 109           | 102           |
|                                | Total Builder Usage  | 597          | 429          | 429          | 227          | 175          | 191          | 499          | 851          | 947           | 1553          | 1182          | 660           | 826           |
|                                | Average Builder Usage  | 9.8          | 7.5          | 8.4          | 5.5          | 5.3          | 2.8          | 4.9          | 6.4          | 7.4           | 11.9          | 10.6          | 6.1           | 8.1           |
| <b>Fire Hydrant</b>            |  |              |              |              |              |              |              |              |              |               |               |               |               |               |
|                                | Connections  | 5            | 6            | 6            | 6            | 5            | 5            | 5            | 7            | 8             | 8             | 6             | 6             | 6             |
|                                | Total Usage  | 574          | 521          | 338          | 1475         | 457          | 392          | 19           | 723          | 721           | 187           | 572           | 2800          | 962           |
|                                | Average Usage  |              |              |              |              |              |              |              |              |               |               |               |               |               |
| <b>Total Usage</b>             |  | <b>7,367</b> | <b>6,536</b> | <b>4,750</b> | <b>5,082</b> | <b>3,739</b> | <b>3,814</b> | <b>6,465</b> | <b>8,211</b> | <b>10,216</b> | <b>11,439</b> | <b>12,727</b> | <b>12,770</b> | <b>11,089</b> |

\*708A&B have been billed to the HOA and the total usage has been deducted from 2401 B Headwaters\*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
Water Utilities Division

Monthly Operational Report For Public Water Systems Purchasing Treated Water From Another System  
Which Uses Surface Water Sources or Groundwater Sources Under The Influence of Surface Water

PUBLIC WATER SYSTEM NAME: **HEADWATERS at BARTON CREEK**

System I.D. #: 1050184

Month: **September 2022**

Submitted by:

Date:

No. of Connections: **676**

License #:

Grade:

| TREATED WATER PURCHASED FROM A WHOLESALE SUPPLIER |                |      |                |                       |
|---|----------------|------|----------------|-----------------------|
| Date  | Quantity (mgd) | Date | Quantity (mgd) | Monthly Summary (MGD) |
| 1   | 0.370          | 17   | 0.352          | Total                 |
| 2   | 0.359          | 18   | 0.352          | Monthly               |
| 3   | 0.360          | 19   | 0.504          | Purchase: 12.140      |
| 4   | 0.359          | 20   | 0.409          |                       |
| 5   | 0.360          | 21   | 0.447          | Average               |
| 6   | 0.444          | 22   | 0.429          | Daily: 0.405          |
| 7   | 0.405          | 23   | 0.407          |                       |
| 8   | 0.416          | 24   | 0.407          | Maximum               |
| 9   | 0.377          | 25   | 0.407          | Daily: 0.504          |
| 10  | 0.378          | 26   | 0.487          |                       |
| 11  | 0.378          | 27   | 0.415          | Minimum               |
| 12  | 0.470          | 28   | 0.429          | Daily: 0.352          |
| 13  | 0.397          | 29   | 0.430          |                       |
| 14  | 0.409          | 30   | 0.405          |                       |
| 15  | 0.426          |      |                |                       |
| 16  | 0.352          |      |                |                       |

| DISTRIBUTION SYSTEM<br>(DISINFECTANT RESIDUAL MONITORING)  |          |  |
|--|----------|--|
| Minimum allowable disinfectant residual:                   | 0.5 mg/L | Percentage of the measurements below the limit this month: |
| Total no. of measurements this month:                      | 31       | 0% (1A)  |
| No. of measurements below the limit:                       | 0        |  |
| Percentage of the measurements below the limit last month: |          | 0% (1B)  |

| TREATMENT TECHNIQUE VIOLATION   | PUBLIC NOTIFICATION |  |            |
|---|---------------------|--|------------|
|   | Yes/No              | If YES, Date when Notice was Given to the: | Customers* |
| More than 5.0% of the disinfectant residuals in the distribution system below acceptable levels for two consecutive months? - see (1A) and (1B) | NO                  |  |            |

\* A sample copy of the Notice to the customers must accompany this report.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
Water Utilities Division

Monthly Operational Report For Public Water Systems Purchasing Treated Water From Another System  
Which Uses Surface Water Sources or Groundwater Sources Under The Influence of Surface Water

PUBLIC WATER SYSTEM NAME: **HEADWATERS at BARTON CREEK**

System I.D. #: 1050184

Month: **October 2022**

Submitted by:

Date:

No. of Connections: **681**

License #:

Grade:

| TREATED WATER PURCHASED FROM A WHOLESALE SUPPLIER |                |      |                |                       |
|---|----------------|------|----------------|-----------------------|
| Date  | Quantity (mgd) | Date | Quantity (mgd) | Monthly Summary (MGD) |
| 1   | 0.404          | 17   | 0.411          | Total                 |
| 2   | 0.405          | 18   | 0.375          | Monthly               |
| 3   | 0.458          | 19   | 0.461          | Purchase: 12.202      |
| 4   | 0.450          | 20   | 0.423          |                       |
| 5   | 0.462          | 21   | 0.340          | Average               |
| 6   | 0.403          | 22   | 0.340          | Daily: 0.394          |
| 7   | 0.405          | 23   | 0.340          |                       |
| 8   | 0.404          | 24   | 0.285          | Maximum               |
| 9   | 0.404          | 25   | 0.374          | Daily: 0.536          |
| 10  | 0.536          | 26   | 0.378          |                       |
| 11  | 0.412          | 27   | 0.337          | Minimum               |
| 12  | 0.495          | 28   | 0.328          | Daily: 0.285          |
| 13  | 0.472          | 29   | 0.329          |                       |
| 14  | 0.358          | 30   | 0.329          |                       |
| 15  | 0.358          | 31   | 0.368          |                       |
| 16  | 0.358          |      |                |                       |

| DISTRIBUTION SYSTEM<br>(DISINFECTANT RESIDUAL MONITORING)  |          |  |
|--|----------|--|
| Minimum allowable disinfectant residual:                   | 0.5 mg/L | Percentage of the measurements below the limit this month: |
| Total no. of measurements this month:                      | 33       | 0% (1A)  |
| No. of measurements below the limit:                       | 0        |  |
| Percentage of the measurements below the limit last month: |          | 0% (1B)  |

| TREATMENT TECHNIQUE VIOLATION   | PUBLIC NOTIFICATION |      |            |
|---|---------------------|------|------------|
|   | Yes/No              | TCEQ | Customers* |
| More than 5.0% of the disinfectant residuals in the distribution system below acceptable levels for two consecutive months? - see (1A) and (1B) | NO                  |      |            |

\* A sample copy of the Notice to the customers must accompany this report.

# MASTER METER REPORT

DISTRICT: **HEADWATERS at BARTON CREEK**

MONTH: **October 2022**

LOCATION: **HWY. 290**

P.W.S. #: **1050184**

METER #: 56520972

|       |      | METER<br>A | SIZE<br>8" |
|-------|------|------------|------------|
| DAY   | DATE | READ       | TH GAL     |
| Sat   | 1    | 292255     | 404.0      |
| Sun   | 2    | 292659     | 405.0      |
| Mon   | 3    | 293064     | 458.0      |
| Tue   | 4    | 293522     | 450.0      |
| Wed   | 5    | 293972     | 462.0      |
| Thu   | 6    | 294434     | 403.0      |
| Fri   | 7    | 294837     | 405.0      |
| Sat   | 8    | 295242     | 404.0      |
| Sun   | 9    | 295646     | 404.0      |
| Mon   | 10   | 296050     | 536.0      |
| Tue   | 11   | 296586     | 412.0      |
| Wed   | 12   | 296998     | 495.0      |
| Thu   | 13   | 297493     | 472.0      |
| Fri   | 14   | 297965     | 358.0      |
| Sat   | 15   | 298323     | 358.0      |
| Sun   | 16   | 298681     | 358.0      |
| Mon   | 17   | 299039     | 411.0      |
| Tue   | 18   | 299450     | 375.0      |
| Wed   | 19   | 299825     | 461.0      |
| Thu   | 20   | 300286     | 423.0      |
| Fri   | 21   | 300709     | 340.0      |
| Sat   | 22   | 301049     | 340.0      |
| Sun   | 23   | 301389     | 340.0      |
| Mon   | 24   | 301729     | 285.0      |
| Tue   | 25   | 302014     | 374.0      |
| Wed   | 26   | 302388     | 378.0      |
| Thu   | 27   | 302766     | 337.0      |
| Fri   | 28   | 303103     | 328.0      |
| Sat   | 29   | 303431     | 329.0      |
| Sun   | 30   | 303760     | 329.0      |
| Mon   | 31   | 304089     | 368.0      |
| Tue   | 1    | 304457     |            |
| Total |      |            | 12202.0    |
| Avg   |      |            | 393.6      |
| Max.  |      |            | 536.0      |
| Min   |      |            | 285.0      |

Operator:

MASTER METER REPORT

DISTRICT: **HEADWATERS at BARTON CREEK**

MONTH: **October 2022**

|       |      | TOTAL TH GAL<br>PURCHASED | CHLORINE<br>RESIDUAL |
|-------|------|---------------------------|----------------------|
| DAY   | DATE | TH GAL                    | mg/L                 |
| Sat   | 1    | 404.0                     | 3.1                  |
| Sun   | 2    | 405.0                     | 2.8                  |
| Mon   | 3    | 458.0                     | 2.1                  |
| Tue   | 4    | 450.0                     | 2.7                  |
| Wed   | 5    | 462.0                     | 2.4                  |
| Thu   | 6    | 403.0                     | 3.4                  |
| Fri   | 7    | 405.0                     | 2.1                  |
| Sat   | 8    | 404.0                     | 3.4                  |
| Sun   | 9    | 404.0                     | 2.4                  |
| Mon   | 10   | 536.0                     | 2.4                  |
| Tue   | 11   | 412.0                     | 3.1                  |
| Wed   | 12   | 495.0                     | 2.8                  |
| Thu   | 13   | 472.0                     | 2.4                  |
| Fri   | 14   | 358.0                     | 3.0                  |
| Sat   | 15   | 358.0                     | 2.3                  |
| Sun   | 16   | 358.0                     | 2.0                  |
| Mon   | 17   | 411.0                     | 2.7                  |
| Tue   | 18   | 375.0                     | 2.0                  |
| Wed   | 19   | 461.0                     | 1.7                  |
| Thu   | 20   | 423.0                     | 3.0                  |
| Fri   | 21   | 340.0                     | 2.2                  |
| Sat   | 22   | 340.0                     | 2.3                  |
| Sun   | 23   | 340.0                     | 2.9                  |
| Mon   | 24   | 285.0                     | 2.2                  |
| Tue   | 25   | 374.0                     | 3.3                  |
| Wed   | 26   | 378.0                     | 2.6                  |
| Thu   | 27   | 337.0                     | 2.5                  |
| Fri   | 28   | 328.0                     | 2.4                  |
| Sat   | 29   | 329.0                     | 2.7                  |
| Sun   | 30   | 329.0                     | 2.8                  |
| Mon   | 31   | 368.0                     | 3.1                  |
| Total |      | 12202.0                   |                      |
| Avg   |      | 393.6                     | 2.6                  |
| Max.  |      | 536.0                     | 3.4                  |
| Min   |      | 285.0                     | 1.7                  |

Operator:

# ALLEN ENGINEERING GROUP

Engineering Feasibility • Planning • Design • Construction Management

1101 S. Capital of Texas Highway, Bldg. D110

Austin, Texas 78746

512 / 637-0126

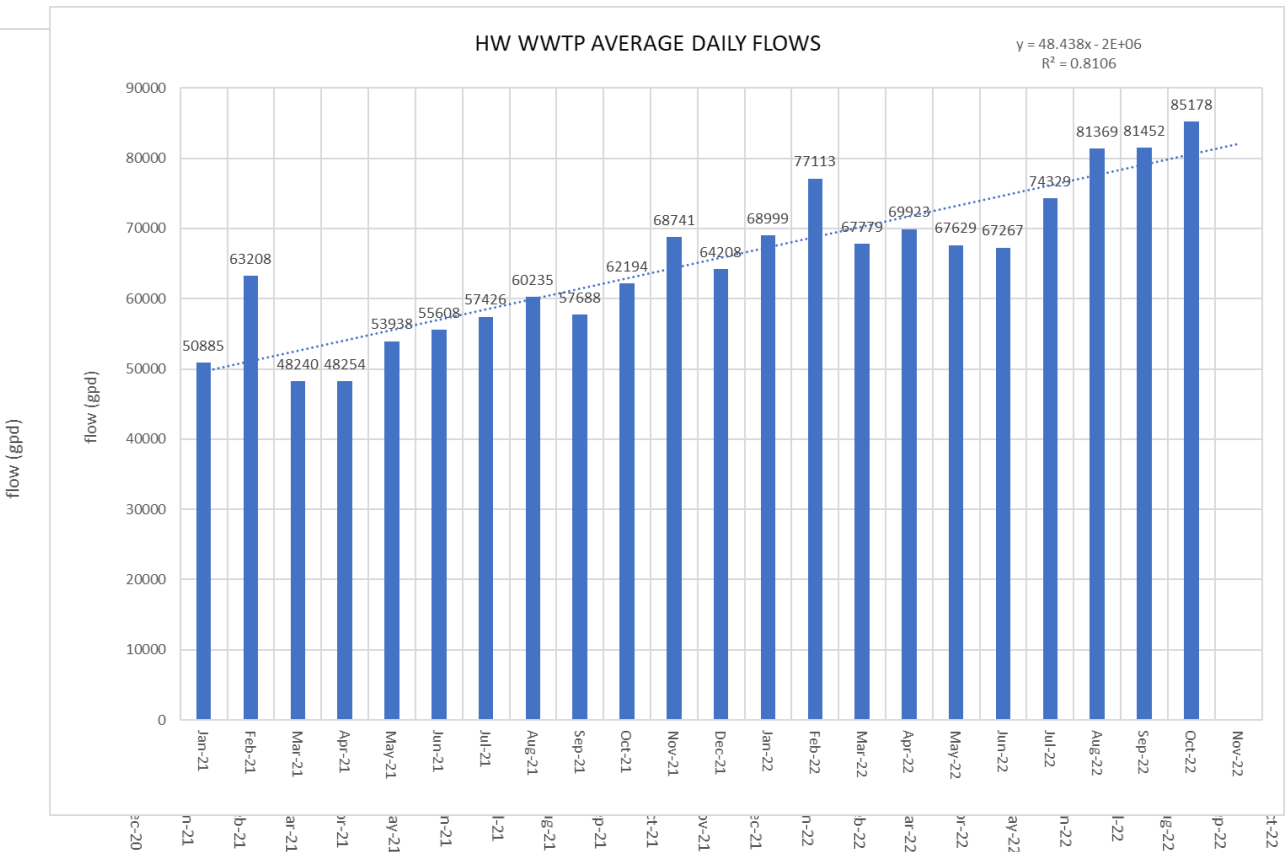
Firm Registration No. 0C0000226

## HEADWATERS WWTP OPERATIONS REPORT October 2022

### GENERAL

Reported effluent analytical results within permitted limits. Phosphorous results have not been reported at the time of this report.

- Average flow 85,178 gpd.
- Total treated flows – 2,555,336 gallons.



## Effluent Quality Summary

|                 | BOD <sub>5</sub> | TSS | Ammonia | Phosphorus | E Coli |
|-----------------|------------------|-----|---------|------------|--------|
| Effluent Limits | 5                | 5   | 2       | 1          | 126    |
| September       | ND               | ND  | ND      | 0.408      | <1     |
| October         | 2                | 1   | 0.66    | 0.47       | < 1    |
| November        | 1                | ND  | ND      | 0.198      | <1     |
| December        | ND               | ND  | ND      | 0.112      | 1      |
| January         | 2                | ND  | ND      | 0.132      | <1     |
| February        | ND               | ND  | ND      | 0.13       | 1      |
| March           | ND               | ND  | ND      | 0.28       | < 1    |
| April           | 2                | ND  | ND      | 0.319      | < 1    |
| May             | 1                | ND  | 0.08    | 0.228      | < 1    |
| July            | ND               | ND  | ND      | 0.742      | < 1    |
| July            | 3                | 2   | 0.05    | 0.848      | <1     |
| August          | ND               | ND  | ND      | 0.37       | <1     |
| September       | ND               | ND  | ND      | 0.28       | <1     |
| October         | ND               | ND  | ND      | 0.67       | < 1    |
| November        | ND               | ND  | ND      | 0.417      | <1     |
| December        | ND               | ND  | ND      | 0.24       | < 1    |
| January         | 1                | ND  | 8.7     | 0.52       | <1     |
| February        | 2                | 2   | ND      | 0.5        | <1     |
| March           | 2                | ND  | ND      | 0.26       | < 1    |
| April           | 5                | 2   | ND      | 0.858      | < 1    |
| May             | ND               | ND  | ND      | 0.915      | < 1    |
| June            | ND               | 1   | 0.07    | 0.179      | <1     |
| July            | ND               | ND  | 0.08    | 0.390      | < 1    |
| August          | ND               | ND  | 0.09    | NR*        | < 1    |
| September       | 3.5              | 3.8 | 0.12    | NR*        | < 1    |
| October         | 1                | ND  | 0.95    | 0.26       | 2420*  |

**\*NOTE:** This appears to be a lab error. Table on the following page indicates we had a non-detect on the sample preceding the exceedance, and a non-detect on the sample taken the day after the exceedance. The UV was operating normally with 100 % intensity. We reported this to TCEQ with the data supporting our contention either that either there was a lab error or a contaminated sample bottle. There will not be any consequences resulting from this exceedance since it was reported in a timely fashion. Note, this is a single grab sample limit.

## OPERATIONS AND MAINTENANCE

1. Routine operations.

Headwaters WWTP  
September 2022 Operations Report

**E COLI Results 2022**

| JAN-FEB 2022 |    | MAR-APRIL 2022 |    | MAY-JUNE 2022 |     | JULY-AUG 2022 |    | SEPT-OCT 2022 |      |
|--------------|----|----------------|----|---------------|-----|---------------|----|---------------|------|
| 3-Jan        | ND | 1-Mar          | 1  | 2-May         | ND  | 5-Jul         | ND | 5-Sep         | ND   |
| 4-Jan        | ND | 2-Mar          | 1  | 3-May         | 2   | 6-Jul         | ND | 6-Sep         | ND   |
| 5-Jan        | ND | 7-Mar          | ND | 4-May         | ND  | 7-Jul         | ND | 7-Sep         | ND   |
| 10-Jan       | ND | 8-Mar          | ND | 9-May         | ND  | 11-Jul        | ND | 12-Sep        | ND   |
| 11-Jan       | ND | 9-Mar          | ND | 10-May        | NR  | 12-Jul        | ND | 13-Sep        | ND   |
| 12-Jan       | ND | 14-Mar         | ND | 11-May        | ND  | 13-Jul        | ND | 14-Sep        | ND   |
| 17-Jan       | ND | 15-Mar         | ND | 16-May        | ND  | 18-Jul        | ND | 19-Sep        | ND   |
| 18-Jan       | ND | 16-Mar         | ND | 17-May        | ND  | 19-Jul        | ND | 20-Sep        | 1    |
| 19-Jan       | ND | 23-Mar         | ND | 18-May        | ND  | 20-Jul        | ND | 21-Sep        | ND   |
| 24-Jan       | ND | 24-Mar         | ND | 23-May        | ND  | 25-Jul        | ND | 26-Sep        | 4.1  |
| 25-Jan       | ND | 25-Mar         | ND | 24-May        | ND  | 26-Jul        | ND | 27-Sep        | ND   |
| 26-Jan       | ND | 28-Mar         | ND | 25-May        | ND  | 27-Jul        | 2  | 28-Sep        | ND   |
| 27-Jan       | ND | 29-Mar         | ND | 30-May        | ND  | 1-Aug         | ND | 2-Oct         | ND   |
| 28-Jan       | ND | 1-Apr          | ND | 31-May        | ND  | 2-Aug         | ND | 3-Oct         | ND   |
| 1-Feb        | ND | 2-Apr          | ND | 1-Jun         | ND  | 3-Aug         | ND | 4-Oct         | ND   |
| 2-Feb        | ND | 3-Apr          | 1  | 6-Jun         | ND  | 7-Aug         | ND | 10-Oct        | ND   |
| 7-Feb        | 1  | 8-Apr          | ND | 7-Jun         | 2   | 8-Aug         | ND | 11-Oct        | ND   |
| 8-Feb        | 3  | 9-Apr          | ND | 8-Jun         | ND  | 9-Aug         | ND | 12-Oct        | ND   |
| 9-Feb        | ND | 10-Apr         | ND | 13-Jun        | ND  | 14-Aug        | ND | 17-Oct        | ND   |
| 14-Feb       | 1  | 18-Apr         | ND | 14-Jun        | 1   | 15-Aug        | ND | 18-Oct        | ND   |
| 15-Feb       | ND | 19-Apr         | ND | 15-Jun        | ND  | 16-Aug        | ND | 19-Oct        | ND   |
| 16-Feb       | ND | 24-Apr         | ND | 20-Jun        | 3.1 | 21-Aug        | ND | 24-Oct        | ND   |
| 22-Feb       | 2  | 25-Apr         | ND | 21-Jun        | 3.1 | 22-Aug        | ND | 25-Oct        | 1    |
| 23-Feb       | ND | 26-Apr         | ND | 22-Jun        | ND  | 23-Aug        | ND | 26-Oct        | ND   |
| 24-Feb       | ND |                |    | 27-Jun        | ND  | 28-Aug        | ND | 31-Oct        | 2420 |
| 28-Feb       | ND |                |    | 28-Jun        | 2   | 29-Aug        | ND | 1-Nov         | ND   |
|              |    |                |    | 29-Jun        | ND  |               |    |               |      |





CIVIL ENGINEERING ★ DEVELOPMENT CONSULTING ★ PROJECT MANAGEMENT

## ENGINEER'S REPORT HEADWATERS MUD

November 17, 2022

The following is a summary of engineering tasks and/or activities being undertaken on behalf of Headwaters MUD, Hays County, Texas:

1. Construction within the District:
  - a. Headwaters Phase 4 Sections 2-4
    - i. Pond and open space revegetation has yet to be complete and the pond controls have not been put into operation. Malone/Wheeler is awaiting completion of remaining pond work prior to recommendation of MUD Acceptance of the ponds.
  - b. Headwaters Phase 4 Sections 5-6
    - i. Pond and open space revegetation has yet to be completed and the pond controls have not been put into operation. Malone/Wheeler is awaiting completion of remaining pond work prior to recommendation of MUD Acceptance of the ponds.
  - c. Headwaters Phase 5 Section 1
    - i. Pond and open space revegetation has yet to be complete and the pond controls have not been put into operation. Malone/Wheeler is awaiting completion of remaining pond work prior to recommendation of MUD Acceptance of the ponds.
  - d. Headwaters Phase 5 Section 2
    - i. Initial final walks have been conducted for the water, wastewater, drainage and pond improvements. The contractor is working on addressing comments from the pond final walk and establishing revegetation. The contractor has addressed all punch list items for the water, wastewater and drainage improvements. Malone/Wheeler is awaiting all documentation from the contractor prior to recommending MUD acceptance of the water, wastewater and drainage improvements.
  - e. Headwaters Phase 3
    - i. Site grading is ongoing.
    - ii. Bridge construction is ongoing.
    - iii. Storm sewer, water and wastewater utility installation is ongoing. Water and wastewater testing is on going.
    - iv. Permanent pond outfall structure installation has begun.
2. Plan Approvals/Revisions/Change Orders:
  - a. None.
3. MUD Plan Review:
  - a. Headwaters Apartments Phase II
    - i. Update 1 plans were submitted 1/8/21. MUD comments were provided to LJA on 2/23/21. We are awaiting response to our comments.



4. Pay Application Approval:
  - a. Headwaters Phase 3
    - i. None
  - b. Headwaters Water Reclamation Facility Phase 3 Drip Irrigation Improvements
    - i. Pay App 8 in the amount of \$64,800.00 for drip field monitoring equipment and hydromulching.
  - c. Headwaters Water Reclamation Facility Phase 3 WWTP Improvements
    - i. Pay App 7 in the amount of \$651,379.50 for yard piping, aeration tank, headworks, blower, effluent lift station improvements, landscape irrigation pump station and electrical improvements.
5. Irrigation LUE Determinations
  - a. None
6. Domestic LUE Determinations
  - a. Headwaters Oakwood Market
    - i. The Headwaters Oakwood Market project proposes a mixed-use restaurant and retail building. A domestic LUE determination submittal was made to the WTCPUA on 10/5/2022. WTCPUA responded on 10/7/2022 with an LUE determination of 33 LUEs for the domestic water usage.
7. Bidding and Notice of Award
  - a. None
8. Acceptance of MUD Facilities
  - a. None.
9. Wastewater Capacity Tracking
  - a. S Current Wastewater Capacity in Phase 2 Wastewater Treatment Plant and Drip Irrigation Improvements is 100,000 GPD. There were 561 active wastewater LUEs per Crossroads October 2022 operations report.

Based on historical flows of approximately 160 GPD per LUE, as currently approved by TCEQ, 64 additional LUEs can be added for a total of 625 LUEs before the current capacity is exceeded.

Currently, there are 1163 wastewater LUEs approved, platted or under construction.



#### 10. MUD Standards and Exceptions

- a. Malone/Wheeler would like to present for consideration by the MUD board the adoption of drainage standards as detailed in the proposed drainage standards attached to this report. The drainage standards proposed are to follow City of Dripping Springs criteria with exceptions reviewed on a case-by-case basis.
  - i. The reason for adoption of a drainage standard is due to the recent design of a multiple lot development which proposes storm sewer improvements which service and cross multiple lot lines. In order for the District to ensure the storm sewer is adequately designed, constructed and maintained, the storm system is proposed to be dedicated to the MUD upon completion of construction. There may arise future instances such as this within the district and for this reason having a design and construction standard will facilitate appropriate standards of District facilities.
- b. Malone/Wheeler would like to present for consideration by the MUD board an exception request to the above recommended drainage standards. The exception request being brought before the MUD board is for the proposed use of polypropylene pipe for storm water conveyance in lieu of reinforced concrete pipe ('RCP') at Headwaters Commercial East Ph 1. The exception request is further described in the exception request letter attached to this board report



CIVIL ENGINEERING \* DEVELOPMENT CONSULTING \* PROJECT MANAGEMENT

## **HEADWATERS MUD DRAINAGE DESIGN STANDARDS**

MUD storm water systems shall be designed to meet City of Dripping Springs technical construction standards and specifications ("TCSS") manual, latest edition.

Exceptions to the above rules may be approved on a case-by-case basis.



CIVIL ENGINEERING ★ DEVELOPMENT CONSULTING ★ PROJECT MANAGEMENT

# **HEADWATERS MUD**

## **DRAINAGE DESIGN STANDARDS**

### **EXCEPTION REQUEST FOR HEADWATERS COMMERCIAL EAST PHASE 1**

#### **Proposed Use of Polypropylene Thermoplastic Pipe in Lieu of RCP**

An exception to the Headwaters MUD storm water systems is proposed for the use of thermoplastic pipe materials in lieu of reinforced concrete pipe ('RCP') for the Headwaters Commercial East Ph 1 site. The proposed site includes a private joint use access driveway serving three lots. Two lots are planned for future office/medical office uses. The third lot is proposed to be a pre-school. The site contains storm sewer improvements which are proposed to be MUD owned as they serve multiple lots.

Thermoplastic pipes have been used by other public entities such as TxDOT and school districts. Where thermoplastic pipe is proposed in this instance being for storm sewer line 'SS-A', the storm design meets the manufacturer's recommendations for thermoplastic pipe. As long as the pipes are designed and constructed properly, we do not see a reason to deny the use of polypropylene pipe. It is recommended that the pipe materials shall consist of Polypropylene Thermoplastic Pipe as approved by TxDOT Specification 4122 (latest edition) and that at the end of construction and prior to MUD acceptance of the storm sewer line, that all thermoplastic pipes be video inspected to verify that the pipe has not been crushed during construction activities. A copy of the storm line video shall be delivered to the MUD at the time of the final walk.

**APPLICATION AND CERTIFICATE FOR PAYMENT**

TO OWNER:

Headwaters Municipal Utility District of Hays County  
C/O McLean & Howard L.L.P.  
901 S. MoPac Expressway, Suite 225, Austin, Texas 78766

FROM CONTRACTOR:

C. C. CARLTON IND., LTD.  
3102 BEE CAVE RD., SUITE 200  
AUSTIN, TEXAS 78746

PROJECT:

Headwaters of Barton Creek Water Reclamation  
Facility Phase 3 Drip Irrigation Improvements

VIA ENGINEER:

Allen Engineering  
1101 S. Capital of Texas Hwy., Bldg. D110  
Austin, Texas 78746

APPLICATION #: 8

Distribution to:

PERIOD TO: 10/31/22

CCC PROJECT # 22/002

CONTRACT DATE:

|                                     |            |
|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Owner      |
| <input checked="" type="checkbox"/> | Const. Mgr |
| <input checked="" type="checkbox"/> | Engineer   |
| <input type="checkbox"/>            | Contractor |

**CONTRACTOR'S APPLICATION FOR PAYMENT**

Application is made for payment, as shown below, in connection with the Contract.

|   |                 |
|---|-----------------|
| 1. ORIGINAL CONTRACT SUM-----   | \$ 1,623,160.00 |
| 2. Net change by Change Orders-----   |                 |
| 3. CONTRACT SUM TO DATE (Line 1 +/- 2)  | \$ 1,623,160.00 |
| 4. TOTAL COMPLETED & STORED TO DATE-\$<br>(Column G on Continuation Sheet)        | \$1,532,960.00  |
| 5. RETAINAGE:   |                 |
| a. 10.0% of Completed Work<br>(Columns D+E on Continuation Sheet)                 | \$ 153,296.00   |
| b. 10.0% of Stored Material<br>(Column F on Continuation Sheet)                   | \$ -            |
| Total Retainage (Line 5a + 5b or<br>Total in Column I of Continuation Sheet-----) | \$ 153,296.00   |
| 6. TOTAL EARNED LESS RETAINAGE-----<br>(Line 4 less Line 5 Total)                 | \$ 1,379,664.00 |
| 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT<br>(Line 6 from prior Certificate)----- | \$1,314,864.00  |
| 8. CURRENT PAYMENT DUE-----   | \$ 64,800.00    |
| 9. BALANCE TO FINISH, INCLUDING RETAINAGE<br>(Line 3 less Line 6)                 | \$ 243,496.00   |

| CHANGE ORDER SUMMARY                               | ADDITIONS | DEDUCTIONS |
|--|-----------|------------|
| Total changes approved in previous months by Owner | \$ -      | \$ -       |
| Total approved this Month                          |           |            |
| Totals   | \$ -      | \$ -       |
| NET CHANGES by Change Order                        | \$        | -          |

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown therein is now due.

CONTRACTOR:

By: HEATH TAYLOR

Date: 10/27/22

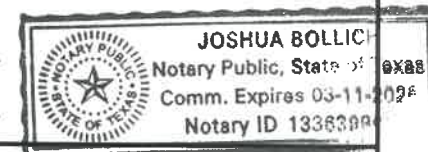
State of: TEXAS

County of: WILLIAMSON

Subscribed and sworn to before  
me this 27TH day of OCTOBER

Notary Public: JOSHUA BOLlich

My Commission expires: 03/11/26

**CERTIFICATE FOR PAYMENT**

In accordance with Contract Documents, the Engineer certifies to the Owner that to the best of the Engineer's knowledge, information and belief the Work has progressed as indicated, the work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 64,800.00

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this application and on the Continuation Sheet that are changed to conform to the amount certified.)

Engineer:

By:

Date: 11.4.22

Headwaters Municipal Utility District Of Hays County  
President

By:

Date:

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**Payment Schedule:**

Contractor shall submit Applications for Payment on the form below, as such may be amended from time to time, on the last day of each month for work performed during such month or any portion thereof. Applications for Payment must be submitted to Owner electronically at \_\_\_\_\_.

**Exhibit I**  
**Payment Schedule**

Instructions: Please fill out columns I and K as applicable for this billing period. For quantity for LS and TM/NTE line items please enter percent complete as a fraction of 1, i.e. 50% would be .5. Where services are billed on a TM/NTE basis, please attach an accounting of the personnel providing services, hours worked, and material expenses incurred. All invoices shall be submitted to: \_\_\_\_\_.

|  |  |  |  |  |  |  |  |  |  |   |  |                   |  |            |  |
|--|--|--|--|--|--|--|--|--|--|---|--|-------------------|--|------------|--|
| Instructions: Please fill out columns I and K as applicable for this billing period. For quantity for LS and TM/NTE line items please enter percent complete as a fraction of 1, i.e. 50% would be .5. Where services are billed on a TM/NTE basis, please attach an accounting of the personnel providing services, hours worked, and material expenses incurred. All invoices shall be submitted to: |  |  |  |  |  |  |  |  |  | Contractor: CC Carlton Industries, LTD      |  | Application No.:  |  | Pay App 8  |  |
|  |  |  |  |  |  |  |  |  |  | Project: Headwaters Drip Irrigation Phase 3 |  | Application Date: |  | 10/27/2022 |  |
|  |  |  |  |  |  |  |  |  |  |   |  | Billing Period:   |  | OCTOBER    |  |
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## Payment Application Form

Application No.: 8

Application Date: 10/31/22

Billing Period: OCTOBER

### CONTRACTOR:

The undersigned Contractor certifies that the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

By Heath Taylor Date: 10/27/22

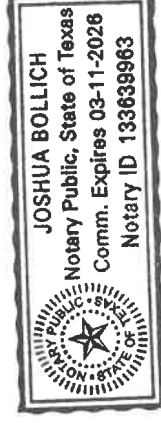
State of: TEXAS

County of: Williamson

Subscribed and sworn to before me this 27TH day of OCTOBER

Notary Public: JOSHUA BOLLICH J. Bollich

My Commission expires: 03/11/2026





**OWNER'S REQUIRED FORM FOR  
CONTRACTOR'S APPLICATION FOR PROGRESS PAYMENT**

**CONDITIONAL BILLS PAID AFFIDAVIT AND  
WAIVER AND RELEASE ON PROGRESS PAYMENT**

"Owner": **Municipal Utility District of Hays County**

"Contractor": **CC Carlton Industries, Ltd.**

"Project": **Headwaters of Barton Creek Water Reclamation Facility - Phase 3 Drip Irrigation Improvements**  
**Project, for improvements on Owner's real property (the "Property") located at Dripping Springs,**  
**Texas.**

"Current Application": Application for Payment (Application No. 8 through the last day of October, 2022). The Current Application is attached hereto as Exhibit A and incorporated fully herein.

Amount Requested in Current Application: \$ 64,800.00.

Amount of Retainage Withheld through Current Application: \$ 153,296.00.

**CERTIFICATION OF AMOUNT DUE AND OUTSTANDING CLAIMS**

In order to induce the Owner to pay to Contractor the Amount Requested in Current Application shown above, the undersigned Contractor hereby **acknowledges and certifies**, under oath, as follows:

1. title to all Work, materials and equipment incorporated in said Work through the date of the Current Application or otherwise covered by the Current Application will pass to Owner, free and clear of all liens, security interests and encumbrances, no later than the time that payment requested herein is received in collected funds (except as specifically disclosed below);
2. all Work covered by this Current Application has been completed in accordance with the Contract Documents; and
3. Contractor has received payment in full and has no outstanding claim for payment arising from or relating to any and all Work performed by or through Contractor through the date covered by the last previous Application for Payment, except for the unpaid Amount of Retainage Withheld as set out in the last previous Application for Payment, and ***except as follows:***

**NONE PER HT**

*[State "None" or fully describe all such claims and/or exceptions or qualifications to the representations set forth above, as applicable, including any pending or anticipated change order claims for Work previously performed or claims for extended overhead and expenses associated with Work previously performed. Attach additional sheets if necessary.]*

**BILLS PAID AFFIDAVIT**  
[Sec. 53.085, Texas Property Code]

Contractor hereby certifies and represents to Owner that **all** laborers, subcontractors, materialmen, and all other persons or parties who have provided labor or materials through, for, or on behalf of Contractor to the above-noted construction Project **through the date covered by the last Application for Payment have been paid in full** and that Contractor is not aware of any claim for payment or lien by such person or party or any sub-subcontractors or suppliers of Contractor (of any tier) for Work performed through the date covered by the last Application for Payment, **except as follows:**

**NONE PER HT**

*[State "None" or fully describe all such claims and/or exceptions or qualifications to the representations set forth above, as applicable. Attach additional sheets if necessary.]*

Further, to the fullest extent permitted by applicable law, Contractor hereby indemnifies and agrees to defend Owner from and against all claims, loss or expense resulting from false or incorrect information provided in the certifications set forth in the Certification of Amount Due and Outstanding Claims (above) and in this Bills Paid Affidavit.

**CONDITIONAL LIEN WAIVER AND RELEASE ON PROGRESS PAYMENT**  
[Sec. 53.281, et seq., Texas Property Code]

On receipt by Contractor of a check from **Municipal Utility District of Hays County** in the sum of **\$64,800.00** payable to Contractor and when the check has been properly endorsed and has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right (whether Constitutional or Statutory or arising by contract), any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the Property of the Owner as described above to the following extent:

**for all Work performed by or through the Contractor for the Project through the date covered by the Current Application as set forth above, except as otherwise expressly provided herein.**

This release covers a progress payment for all labor, services, equipment, or materials furnished to the Property or to the Owner as set forth above and in the attached Application for Payment, except for the unpaid "Amount of Retainage Withheld" as set out above, and except for those pending modifications and changes, claims for payment, or other items set forth and identified in the CERTIFICATION OF AMOUNT AND OUTSTANDING CLAIMS above.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

*Consistent with its certifications above concerning payment, the signer warrants that the signer has already paid or will use the funds received from this progress payment to promptly pay in full all of the signer's laborers, sub-subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the Project in regard to the attached Application for Payment.*

Date 10-27-22

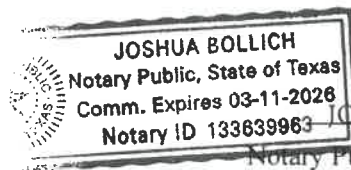
**CONTRACTOR: CC Carlton Industries, Ltd.**

By: Heath Taylor  
Name and Title: HEATH TAYLOR, SR. PROJECT MANAGER

STATE OF TEXAS

COUNTY OF WILLIAMSON

**SUBSCRIBED AND SWORN TO** before me by the said HEATH TAYLOR, who further acknowledged to me that he/she is the person executing this **CONDITIONAL BILLS PAID AFFIDAVIT AND WAIVER AND RELEASE ON PROGRESS PAYMENT** and that he/she is fully authorized to do so on behalf of **CC Carlton Industries, Ltd.**, LIMITED PARTNERSHIP, on this 27<sup>th</sup> day of October 2022, to certify which witness my hand and seal of office.



JOSHUA BOLLICH Bollich  
Notary Public – State of TEXAS  
My Commission Expires: 03-11-2026

**[Attach Pay Application as Exhibit A]**

## Contractor's Application for Payment No.

7

|   |  |                              |
|---|--|------------------------------|
| Application Period: 10/1-10/31                          |  | Application Date: 10/26/2022 |
| To (Owner): HEADWATERS MUD OF HAYS COUNTY               | From (Contractor): KEYSTONE CONSTRUCTION | Via (Engineer): DAVID ALLEN  |
| Project: HEADWATERS OF BARTON CREEK WRF PHASE 3 WW IMP. | Contract:                                |                              |
| Owner's Contract No.:                                   | Contractor's Project No.: 22031          | Engineer's Project No.:      |

### Application For Payment Change Order Summary

| Approved Change Orders |           |            | 1. ORIGINAL CONTRACT PRICE.....                                | \$ | \$5,138,680.00 |
|------------------------|-----------|------------|--|----|----------------|
| Number                 | Additions | Deductions | 2. Net change by Change Orders.....                            | \$ |                |
|                        |           |            | 3. Current Contract Price (Line 1 + 2).....                    | \$ | \$5,138,680.00 |
|                        |           |            | 4. TOTAL COMPLETED AND STORED TO DATE                          |    |                |
|                        |           |            | (Column F total on Progress Estimates).....                    | \$ | \$2,636,245.10 |
|                        |           |            | 5. RETAINAGE:  |    |                |
|                        |           |            | a. 10% X \$2,632,554.00 Work Completed.....                    | \$ | \$263,255.40   |
|                        |           |            | b. 10% X \$3,691.10 Stored Material.....                       | \$ | \$369.11       |
|                        |           |            | c. Total Retainage (Line 5.a + Line 5.b).....                  | \$ | \$263,624.51   |
|                        |           |            | 6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c).....            | \$ | \$2,372,620.59 |
|                        |           |            | 7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)..... | \$ | \$1,721,241.09 |
|                        |           |            | 8. AMOUNT DUE THIS APPLICATION.....                            | \$ | \$651,379.50   |
|                        |           |            | 9. BALANCE TO FINISH, PLUS RETAINAGE                           |    |                |
|                        |           |            | (Column G total on Progress Estimates + Line 5.c above).....   | \$ | \$2,766,059.41 |
| TOTALS                 |           |            |  |    |                |
| NET CHANGE BY          |           |            |  |    |                |
| CHANGE ORDERS          |           |            |  |    |                |

### Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:  
(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;  
(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances); and  
(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

### Contractor Signature

By:  Austin Adkins  
Date: 10/26/2022

Payment of: \$ 651,379.50  
(Line 8 or other - attach explanation of the other amount)

is recommended by:  11.4.22  
(Engineer) (Date)

is approved by: HEADWATERS MUD OF HAYS COUNTY (Date)

### Progress Estimate - Lump Sum Work

## Contractor's Application

|                                |  |                      |                                 |                              |  |  |           |                           |
|--------------------------------|--|----------------------|---------------------------------|------------------------------|--|--|-----------|---------------------------|
| For (Contract):                |  |                      |                                 | Application Number: 7        |  |  |           |                           |
| Application Period: 10/1-10/31 |  |                      |                                 | Application Date: 10/26/2022 |  |  |           |                           |
|                                |  |                      | Work Completed                  |                              | E  | F  |           | G                         |
| Specification Section No.      | Description  | Scheduled Value (\$) | From Previous Application (C+D) | This Period                  | Materials Presently Stored (not in C or D) | Total Completed and Stored to Date (C + D + E) | % (F / B) | Balance to Finish (B - F) |
|                                |  |                      |                                 |                              |  |  |           |                           |
| 1                              | Mobilization/Demobilization @ 8 %                      | \$ 411,000.00        | \$390,450.00                    |                              |  | \$390,450.00                                   | 95.0%     | \$20,550.00               |
| 2                              | Clearing and Grubbing                                  | \$ 7,000.00          | \$7,000.00                      |                              |  | \$7,000.00                                     | 100.0%    |                           |
| 3                              | Civil Site Cut   | \$ 80,000.00         | \$80,000.00                     |                              |  | \$80,000.00                                    | 100.0%    |                           |
| 4                              | Civil Site Fill  | \$ 100,000.00        | \$100,000.00                    |                              |  | \$100,000.00                                   | 100.0%    |                           |
| 5                              | Fencing  | \$ 22,500.00         |                                 |                              |  |  |           | \$22,500.00               |
| 6                              | Revegetation   | \$ 3,500.00          |                                 |                              |  |  |           | \$3,500.00                |
| 7                              | Level Spreader   | \$ 3,300.00          |                                 |                              |  |  |           | \$3,300.00                |
| 8                              | Silt Fence   | \$ 600.00            | \$600.00                        |                              |  | \$600.00                                       | 100.0%    |                           |
| 9                              | Yd. Piping 8" Effluent Transfer Line/Pump Suction      | \$ 47,175.00         |                                 | \$45,000.00                  |  | \$45,000.00                                    | 95.4%     | \$2,175.00                |
| 10                             | Yard Piping - 6" Drip Irrigation Supply Line           | \$ 93,100.00         |                                 | \$75,000.00                  |  | \$75,000.00                                    | 80.6%     | \$18,100.00               |
| 11                             | Yard Piping - 4" Drip Irrigation Return Line           | \$ 89,300.00         |                                 | \$73,000.00                  |  | \$73,000.00                                    | 81.7%     | \$16,300.00               |
| 12                             | Yard Piping - 1/2" Alum Line                           | \$ 14,350.00         |                                 | \$12,000.00                  |  | \$12,000.00                                    | 83.6%     | \$2,350.00                |
| 13                             | Yard Piping - 2" IPW Line                              | \$ 6,800.00          |                                 | \$5,000.00                   |  | \$5,000.00                                     | 73.5%     | \$1,800.00                |
| 14                             | Yard Piping - 4" Waste Sludge Line                     | \$ 34,500.00         |                                 | \$17,250.00                  |  | \$17,250.00                                    | 50.0%     | \$17,250.00               |
| 15                             | Yard Piping - 10" Effluent Line                        | \$ 12,000.00         |                                 | \$8,000.00                   |  | \$8,000.00                                     | 66.7%     | \$4,000.00                |
| 16                             | Structural Excavation WWTP                             | \$ 140,000.00        | \$140,000.00                    |                              |  | \$140,000.00                                   | 100.0%    |                           |
| 17                             | WWTP unit Concrete Foundation                          | \$ 182,000.00        | \$182,000.00                    |                              |  | \$182,000.00                                   | 100.0%    |                           |
| 18                             | Aeration Tank w Integral Clarifer, Aeration System and | \$ 2,000,000.00      | \$35,000.00                     | \$300,000.00                 |  | \$335,000.00                                   | 16.8%     | \$1,665,000.00            |
| 19                             | Filter Bypass Piping                                   | \$ 25,000.00         |                                 |                              |  |  |           | \$25,000.00               |
| 20                             | Blowers  | \$ 150,000.00        |                                 |                              |  |  |           | \$150,000.00              |
| 21                             | Surface Mixer  | \$ 30,000.00         |                                 |                              |  |  |           | \$30,000.00               |
| 22                             | Auger Screen   | \$ 110,000.00        |                                 |                              |  |  |           | \$110,000.00              |
| 23                             | Headworks  | \$ 100,000.00        |                                 | \$15,000.00                  |  | \$15,000.00                                    | 15.0%     | \$85,000.00               |
| 24                             | Blower Building Foundation                             | \$ 15,600.00         | \$5,000.00                      | \$10,600.00                  |  | \$15,600.00                                    | 100.0%    |                           |
| 25                             | Blower Building  | \$ 37,455.00         | \$1,154.00                      |                              |  | \$1,154.00                                     | 3.1%      | \$36,301.00               |
| 26                             | Structural Excavation GST                              | \$ 113,000.00        | \$113,000.00                    |                              |  | \$113,000.00                                   | 100.0%    |                           |
| 27                             | Concrete Ring Wall Foundation                          | \$ 58,500.00         | \$58,500.00                     |                              |  | \$58,500.00                                    | 100.0%    |                           |
| 28                             | Pea Gravel   | \$ 22,000.00         | \$22,000.00                     |                              |  | \$22,000.00                                    | 100.0%    |                           |
| 29                             | Ground Storage Tank 1,050,000 Gallon                   | \$ 630,000.00        | \$630,000.00                    |                              |  | \$630,000.00                                   | 100.0%    |                           |
| 30                             | UV Chamber and Ballast Control Center                  | \$ 100,000.00        |                                 |                              |  |  |           | \$100,000.00              |
| 31                             | Effluent Lift Station Pump Improvements                | \$ 25,000.00         | \$18,881.00                     | \$5,119.00                   |  | \$24,000.00                                    | 96.0%     | \$1,000.00                |
| 32                             | Chemical Feed  | \$ 35,000.00         |                                 |                              |  |  |           | \$35,000.00               |
| 33                             | In Plant Water System                                  | \$ 25,000.00         |                                 |                              | \$3,691.10                                 | \$3,691.10                                     | 14.8%     | \$21,308.90               |
| 34                             | Landscape Irrigation Pump Station                      | \$ 55,000.00         | \$40,214.00                     | \$7,786.00                   |  | \$48,000.00                                    | 87.3%     | \$7,000.00                |
| 35                             | Electrical   | \$ 360,000.00        | \$85,000.00                     | \$150,000.00                 |  | \$235,000.00                                   | 65.3%     | \$125,000.00              |
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### Progress Estimate - Unit Price Work

## Contractor's Application

[illegible]

### Stored Material Summary

## Contractor's Application

[illegible]



**CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT**

Project: HEADWATERS OF BARTON CREEK WRF PH 3 WW IMP

Job No. \_\_\_\_\_

HEADWATERS MUD

On receipt by the signer of this document of a check from OF HAYS COUNTY (maker of check) in the sum of \$651,379.50 payable to KEYSTONE CONSTRUCTION (payee or payees of check) and when the check has been properly endorsed and has been paid by the bank on which it is drawn; this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the property of HEADWATERS MUD OF HAYS COUNTY (owner) located at: HEADWATERS (location) to the following extent: WRF PH3 WW IMP (job description).

This release covers a progress payment for all labor, services, equipment, or materials furnished to the property or to KEYSTONE CONSTRUCTION (person with whom signer contracted) as indicated in the attached statement(s) or progress payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

The signer warrants that the signer has already paid or will use the funds received from this progress payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project in regard to the attached statement(s) or progress payment request(s).

Date: 11/2/2022

KEYSTONE CONSTRUCTION (Company name)

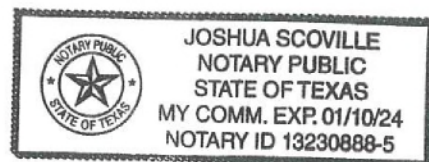
By: *Austin Adkins*  
Signature  
PRESIDENT  
Title

This instrument was executed and acknowledged before me on this 2<sup>nd</sup> day of November 2022, by Austin Adkins, known to me as the person whose name is subscribed above, as President (title) of Keystone Construction (company), on behalf of and as the authorized act of said entity.

Notary Public in and for the State of Texas

My Commission Expires:

1/10/24





**NOTICE:**

**This document waives rights unconditionally and states that you have been paid for giving up those rights, It is prohibited for a person to require you to sign this documents if you have not been paid the amount set forth below. If you have not been paid, use a conditional release form.**

**UNCONDITIONAL WAIVER AND RELEASE ON FINAL AND/OR PREVIOUS**

**PROGRESS PAYMENT** FOR PAY APP #6 FOR \$470,614.59

Project: HEADWATERS OF BARTON CREEK WRF PH 3 WW IMP

Job No. \_\_\_\_\_

The signer of this documents has been paid in full for all labor, services, equipment, or materials furnished to the property or to KEYSTONE CONSTRUCTION (person with whom signer contracted) on the property of HEADWATERS MUD OF HAYS COUNTY (owner) located at HEADWATERS to the following extent: WRF PH3 WW IMP (job description). The signer therefore waives and releases any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position

The signer warrants that the signer has already paid or will use the funds received from this final payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project up to the date of this waiver and release.

Date: 11/02/2022

KEYSTONE CONSTRUCTION (Company name)

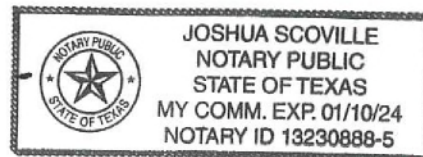
By:   
Signature

PRESIDENT  
Title

This instrument was executed and acknowledged before me on this 2<sup>nd</sup> day of November 2022, by Austin Adkins, known to me as the person whose name is subscribed above, as President (title) of Keystone Construction (company), on behalf of and as the authorized act of said entity.

  
Notary Public in and for the State of Texas

My Commission Expires: 1/10/24



**EXHIBIT "A"**

**LIST OF ALL SUBCONTRACTORS, LABORERS AND MATERIAL SUPPLIERS**

All subcontractors, laborers and suppliers must sign beside paid amount to acknowledge their receipt of payment in full.

| NAME OF SUBCONTRACTOR<br>LABORER OR SUPPLIER | TYPE OF<br>WORK   | AMOUNT<br>PAID  |
|--|-------------------|-----------------|
| 1. <b>AUC</b>                                | <b>WWTP</b>       | <b>\$220000</b> |
| 2. <b>T MORALES CO</b>                       | <b>ELECTRICAL</b> | <b>\$35563</b>  |
| 3. _____                                     | _____             | _____           |
| 4. _____                                     | _____             | _____           |
| 5. _____                                     | _____             | _____           |
| 6. _____                                     | _____             | _____           |
| 7. _____                                     | _____             | _____           |
| 8. _____                                     | _____             | _____           |
| 9. _____                                     | _____             | _____           |
| 10. _____                                    | _____             | _____           |
| 11. _____                                    | _____             | _____           |
| 12. _____                                    | _____             | _____           |

MONTHLY CONSTRUCTION REPORT  
PHASE 3 DRIP IRRIGATION SYSTEM IMPROVMENTS  
PHASE 3 WWTP IMPROVMENTS  
October – November 2022

Phase 3 Drip Irrigation Improvements

1. Drip field seeding completed.
2. Awaiting drip skid mounted pumps and control panels.
3. On schedule to complete by January if not sooner.





Monthly Construction Report October-November 2022  
Phase 3 Wastewater Improvements

Phase 3 Wastewater Treatment Plant

1. WWTP erection continues.
2. Blower building erection complete.
3. In plant drip irrigation supply and return piping installed.
4. Landscape irrigation pumps installed.
5. Underground IPW pipe and alum feed pipe installed.
6. Effluent transfer pump installed and commissioned.
7. IPW pumps delivered to the site.



Change Orders

None currently.

Monthly Construction Report October-November 2022  
Phase 3 Wastewater Improvements

Other Issues

Retainage

5.03 *Retainage*

Owner shall withhold ten percent (10%) retainage from each Application for Payment submitted by Contractor until final completion. . If at any time after 50 percent of the Work has been completed Owner finds that satisfactory progress is being made, it may authorize any of the remaining progress payments to be made in full. Also, if the Work is substantially complete, Owner, if it finds the amount retained to be in excess of the amount adequate for the protection of Owner, at its discretion may release to Contractor all or a portion of the excess amount.

In the event of any reduction or release of retainage, or portion thereof, such reduction or release shall not be a waiver of (1) any of the Owner's rights to retainage in connection with other payments to the Contractor or (2) any other right or remedy that the Owner has under the Contract Documents, at law or in equity.

**Drip Irrigation Project**

The drip contract is 94 % complete and has been constructed in substantial compliance with the plans and specifications to this point. We are waiting the delivery and installation of the pump skid and control panel. Delivery is scheduled for this month. Total retainage to date \$153,000. The value of the remaining work is less than \$100,000.

Recommend release of 50 % of the retainage.

**Wastewater Treatment Plant Project**

The wastewater contract has been invoiced to 51 % of the contract price as of the last payment application. The work completed is at least 60 %. Retainage withheld to date is \$263,255.40. I estimate project substantial completion by the end of February or early March, which would allow the plant to be placed into operation. In my opinion, the Contractor's performance and quality of the work has been excellent. Work packages have been completed on time or ahead of time.

I recommend that the remaining projects be made in full thereby bringing the total retainage to 5 % at the end of the project.

CERTIFICATE FOR ORDER

**THE STATE OF TEXAS**

§

**COUNTY OF HAYS**

§

§

I, the undersigned officer of the Board of Directors of Headwaters Municipal Utility District of Hays County hereby certify as follows:

1. The Board of Directors of Headwaters Municipal Utility District of Hays County convened in a regular meeting on November 17, 2022, and the roll was called of the duly constituted officers and members of the Board, to-wit:

|                  |                     |
|------------------|---------------------|
| Harvey Zinn, Jr. | President           |
| Lisa Stephens    | Vice President      |
| Drax Marlow      | Secretary           |
| Brian Jacks      | Assistant Secretary |
| William Farrell  | Treasurer           |

and all of said persons were present thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY ORDER  
AUTHORIZING THE ISSUANCE OF \$5,210,000 UNLIMITED TAX BONDS, SERIES  
2022; PRESCRIBING THE TERMS AND PROVISIONS THEREOF; MAKING  
PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND THE  
PRINCIPAL THEREOF; LEVYING AND PLEDGING THE PROCEEDS OF A TAX;  
AUTHORIZING THE SALE OF THE BONDS; AUTHORIZING A PAYING  
AGENT/REGISTRAR AGREEMENT; AND CONTAINING OTHER PROVISIONS  
RELATING TO THE SUBJECT

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried by the following vote:

Ayes:           \_\_\_

Nays:           \_\_\_

(2) That a true, full and correct copy of the aforesaid Order was adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Order has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED on this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

---

Drax Marlow  
Secretary, Board of Directors

(SEAL)

HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY ORDER  
AUTHORIZING THE ISSUANCE OF \$5,210,000 UNLIMITED TAX BONDS,  
SERIES 2022; PRESCRIBING THE TERMS AND PROVISIONS THEREOF;  
MAKING PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND  
THE PRINCIPAL THEREOF; LEVYING AND PLEDGING THE PROCEEDS OF A  
TAX; AUTHORIZING THE SALE OF THE BONDS; AUTHORIZING A PAYING  
AGENT/REGISTRAR AGREEMENT; AND CONTAINING OTHER PROVISIONS  
RELATING TO THE SUBJECT

Adopted: November 17, 2022



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HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY ORDER  
AUTHORIZING THE ISSUANCE OF \$5,210,000 UNLIMITED TAX BONDS,  
SERIES 2022; PRESCRIBING THE TERMS AND PROVISIONS THEREOF;  
MAKING PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND  
THE PRINCIPAL THEREOF; LEVYING AND PLEDGING THE PROCEEDS OF A  
TAX; AUTHORIZING THE SALE OF THE BONDS; AUTHORIZING A PAYING  
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RELATING TO THE SUBJECT

ARTICLE I

**STATUTORY AUTHORITY, RECITALS AND FINDINGS**

Section 1.1 Authority for the District. HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY, situated in Hays County, Texas (the “District”), is a conservation and reclamation district created by order of the Texas Commission on Environmental Quality (hereafter referred to as the “Commission”) dated August 8, 2007, as a municipal utility district pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution, and operating under and governed by Chapters 49 and 54, Texas Water Code, and Chapter 7591, Texas Special District Local Laws Code.

Section 1.1 Purpose of this Order. The District desires to issue \$5,210,000 principal amount of bonds for: (i) the purposes of financing wastewater treatment and disposal system facilities for the District; (ii) to pay twelve months of capitalized interest on the Bonds; and (iii) to pay costs of issuance of the Bonds, all under and in strict conformity with the Constitution and laws of the State of Texas.

Section 1.2 Authority of this Order. It is hereby found, determined and declared that:

(i) The creation of the District was confirmed at an election held on November 6, 2007;

(ii) At the November 6, 2007 election, the District was authorized to issue bonds in the maximum amount of \$64,700,000 for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending inside or outside its boundaries any District works, improvements, facilities, plants, equipment, and appliances and all costs associated with flood plain and wetlands regulation and endangered species and storm water permits, including mitigation, needed to accomplish the purposes for which the District exists, including the works, improvements, facilities, plants, equipment and appliances to provide a waterworks system, wastewater system, drainage and storm sewer and water quality system including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interest in property, and contract rights needed therefor, administration and operating costs during creation and construction and administrative facilities needed in connection therewith, and to provide for the payment of principal and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within said District.

(iii) The election conducted on November 6, 2007, was called and held under and in strict conformity with the Constitution and laws of the State of Texas and of the United States of America, and the Board of Directors of the District has heretofore officially declared

the results of said election and declared that the District was legally created and authorized to issue the bonds described in paragraphs (i) and (ii) above;

(iv) At an election on November 3, 2015, the voters of the District authorized the issuance of a total of \$54,545,000 principal amount of unlimited tax road bonds for the purpose of purchasing, constructing, acquiring, improving or extending road facilities, including, but not limited to, all additions to such facilities, and all land, improvements, facilities, equipment, appliances, interests in property, and contract rights needed therefor;

(v) The District has heretofore issued its \$3,000,000 Unlimited Tax Road Bonds, Series 2017 (the "Series 2017 Bonds"), \$2,685,000 Unlimited Tax Road Bonds, Series 2018 (the "Series 2018 Bonds"), \$4,500,000 Unlimited Tax Road Bonds, Series 2020 (the "Series 2020 Bonds") \$3,740,000 Unlimited Tax Road Bonds, Series 2020A (the "Series 2020A Bonds"), \$5,805,000 Unlimited Tax Road Bonds, Series 2021 (the Series "2021 Road Bonds"), and \$4,140,000 Unlimited Tax Bonds, Series 2021 (the Series "2021 Bonds") pursuant to the authority of the election held on November 3, 2015 as described in paragraph (iv) above;

(vi) The \$5,210,000 Bonds authorized by this Order are being issued pursuant to the authority of the election held on November 6, 2007 as described in paragraph (ii) above;

(vii) After issuance of the Bonds authorized in this Order, \$55,350,000 of the bonds authorized at the November 6, 2007 election for water, sanitary sewer, drainage and water quality facilities described in paragraph (ii) above shall remain unissued, and \$34,815,000 of the bonds authorized at the November 3, 2015 election for road facilities described in paragraph (iv) above shall remain unissued, and the Board of Directors reserves the right to issue such bonds in one or more series, at a future date or dates when, in the judgment of the Board of Directors, such amounts are required for authorized purposes; and

(viii) The District has been authorized to levy taxes in payment of the Bonds, and the taxes to be levied and collected will be sufficient to pay the principal of the Bonds herein authorized as it becomes due and the interest thereon as it accrues and becomes payable.

## ARTICLE II

### DEFINITIONS, FINDINGS AND INTERPRETATION

Section 2.1 Definitions. For all purposes of this Order, unless the context requires a different meaning or except as otherwise expressly provided, the following terms shall have the meanings assigned to them below:

"Additional Bonds" means the bonds, which the District reserves the right to issue in the future in accordance with the terms and conditions provided in Section 10.1 hereof.

"Authorized Investments" shall mean all direct or indirect obligations of the United States or one of its agencies, the State, any county, city, school district or other political subdivision of the State and certificates of deposit of state or national banks or savings and loan associations within the State; provided that any such certificates of deposit are secured by direct or indirect obligations of the United States or one of its agencies having a market value equal to the face amount of such certificate of deposit to the extent any portion of the face amount is not insured by the Federal Deposit Insurance Corporation.

“Bond” or “Bonds” shall mean the \$5,210,000 Headwaters Municipal Utility District of Hays County Unlimited Tax Bonds, Series 2022 authorized to be issued by this Order and certified or authenticated and delivered hereunder.

“Bond Date” shall mean December 20, 2022.

“Bondholder” or “Holder” when used with respect to any Bond shall mean the Person in whose name such Bond is registered on the Register.

“Business Day” shall mean any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed or a legal holiday.

“Capital Projects Fund” shall mean the District’s fund created or confirmed in Article IX of this Order.

“Closing Date” shall mean the date on which the Bonds are initially authenticated and delivered to the Purchaser against payment therefor.

“Code” shall mean the Internal Revenue Code of 1986, as amended by any amendments thereto enacted prior to the Closing Date.

“Commission” means the Texas Commission on Environmental Quality.

“Debt Service Fund” shall mean the District’s debt service fund created or confirmed in Article IX of this Order.

“Definitive Bonds” shall mean the Initial Bond, as may be transferred and converted into or exchanged for fully registered Bonds in the denomination of \$5,000 or any integral multiple of \$5,000.

“Depository Bank” means any financial institution duly designated by the Board of Directors of the District to serve as a depository for funds controlled by the Board of Directors of the District.

“District” shall mean Headwaters Municipal Utility District of Hays County.

“DTC” shall mean the Depository Trust Company of New York, New York.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Event of Default” means any event of default as provided in Section 14.1 hereof.

“Fiscal Year” means the twelve-month accounting period adopted by the Board of Directors of the District which may be any twelve consecutive month period established by the District.

“Initial Bond” shall mean the Bond authorized to be issued hereunder which has the registration certificate, executed on behalf of the Comptroller of Public Accounts of the State of Texas, as contemplated by Section 3.5 hereof.

“Interest Payment Date” shall mean with respect to any installment of interest on any Bond the date specified in such Bond as the fixed date on which any such installment of interest is due and payable.

“Maturity Date” or “Maturity” when used with respect to any Bond shall mean the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity, by call for redemption or otherwise.

“MSRB” means the Municipal Securities Rulemaking Board.

“Order” shall mean this Order authorizing the issuance of the Bonds.

“Paying Agent/Registrar Agreement” shall mean the agreement between the District and the Paying Agent/Registrar referred to in Section 5.2 pursuant to which the Paying Agent/Registrar will perform the duties required hereunder.

“Paying Agent/Registrar” shall mean BOKF, NA, Dallas, Texas, until a successor Paying Agent/Registrar shall have been appointed pursuant to the applicable provisions of this Order, and thereafter “Paying Agent/Registrar” shall mean such successor Paying Agent/Registrar.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Place of Payment” shall mean the designated office of the Paying Agent/Registrar in Dallas, Texas.

“Predecessor Bonds” of any particular Bond shall mean every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond registered and delivered under Section 3.10 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

“Purchaser” shall mean \_\_\_\_\_.

“Record Date” for the interest payable on any Interest Payment Date shall mean close of business day on the last day of the month (whether or not a business day) next preceding such Interest Payment Date.

“Redemption Date” when used with respect to any Bond to be redeemed shall mean the date fixed for such redemption pursuant to the terms of this Order.

“Redemption Price” when used with respect to any Bond to be redeemed shall mean the price at which such Bond is to be redeemed pursuant to the terms of this Order, excluding installments of interest, the Interest Payment Date for which is on or before the Redemption Date.

“Register” shall have the meaning stated in Section 3.7 hereof.

“Regulations” shall mean the temporary or final Income Tax Regulations applicable to the Bonds issued pursuant to sections 103 and 141 through 150 of the Code. Any reference to a Section of the Regulations shall also refer to any successor provision to such Section hereafter promulgated by the Internal Revenue Service pursuant to sections 103 and 141 through 150 of the Code and applicable to the Bonds.

“Representation Letter” means the Blanket Letter of Representations between the District and the DTC.

“Rule” shall mean SEC Rule 15c2-12, as amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Special Payment Date” shall have the meaning stated in Section 3.4 hereof.

“Special Record Date” shall have the meaning stated in Section 3.4 hereof.

“Stated Maturity” when used with respect to any Bond shall mean the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

“Term Bonds” means the Bonds maturing \_\_\_\_ and \_\_\_\_.

Section 2.2 Findings. The declarations, determinations and findings declared, made and found in the preamble and elsewhere in this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2.3 Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 2.4 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

### ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization and Purpose. The District's Bonds to be designated “Headwaters Municipal Utility District of Hays County Unlimited Tax Bonds, Series 2022” are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of the State of Texas and Chapters 49 and 54 of the Texas Water Code.



The Bonds shall be issued in the aggregate principal amount of FIVE MILLION TWO HUNDRED TEN THOUSAND AND NO/100 DOLLARS (\$5,210,000) for purposes of financing water, sanitary sewer, drainage, and storm sewer system facilities for the District; to pay developer interest; and to pay costs associated with the issuance of the Bonds under and in strict conformity with the Constitution and laws of the State of Texas.

Section 3.2 Dates, Numbers and Denomination. The Bonds shall be dated the Bond Date. The Bonds shall be numbered R-1 and upward and shall be in denominations of principal equal to \$5,000 or any integral multiples thereof.

Section 3.3 Interest Rates and Maturity of the Bonds.

(a) The Bonds shall mature on August 15 in each of the years and in the amounts, respectively, set forth below. Such bonds shall bear interest from the Closing Date at the following per annum rates:

| MATURITY SCHEDULE |                       |                   |
|-------------------|-----------------------|-------------------|
| STATED MATURITY   | PRINCIPAL AMOUNT (\$) | INTEREST RATE (%) |
| 2025              | 120,000               |                   |
| 2026              | 125,000               |                   |
| 2027              | 130,000               |                   |
| 2028              | 140,000               |                   |
| 2029              | 145,000               |                   |
| 2030              | 155,000               |                   |
| 2031              | 165,000               |                   |
| 2032              | 170,000               |                   |
| 2033              | 180,000               |                   |
| 2034              | 190,000               |                   |
| 2035              | 200,000               |                   |
| 2036              | 210,000               |                   |
| 2037              | 225,000               |                   |
| 2038              | 235,000               |                   |
| 2039              | 250,000               |                   |
| 2040              | 265,000               |                   |
| 2041              | 280,000               |                   |
| 2042              | 295,000               |                   |
| 2043              | 310,000               |                   |
| 2044              | 325,000               |                   |
| 2045              | 345,000               |                   |
| 2046              | 365,000               |                   |
| 2047              | 385,000               |                   |

(b) Said interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months and shall be payable semiannually on February 15 and August 15 of each year, commencing August 15, 2023, until maturity or redemption of the pertinent Bond.

#### Section 3.4 Medium, Method and Place of Payment.

(a) The District will duly and punctually pay the principal of and interest on the Bonds in accordance with their terms in lawful money of the United States of America and shall deposit with the Paying Agent/Registrar on or before each Interest Payment Date funds sufficient to pay the principal of and interest on the Bonds then due, as provided in this Section.

(b) Interest on the Bonds shall be paid to the Holders thereof as shown in the Register at the close of business on the Record Date by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, first class United States mail, postage prepaid, to the address of such person as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangement.

(c) The principal of each Bond shall be paid to the Bondholder on the due date (whether at the Stated Maturity or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Place of Payment.

(d) If the specified date for any payment of principal (or Redemption Price) of or interest on the Bonds shall be a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city in which the Place of Payment is located, such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

(e) In the event of nonpayment of interest on a Bond on an Interest 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, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" that shall be fifteen (15) days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

(f) Unclaimed payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Holder of the Bonds to which the unclaimed payments pertain. Subject to Title 6 of the Texas Property Code, payments remaining unclaimed by the Holders entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the District to be used for any lawful purpose. Thereafter, neither the District, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.5      Execution and Registration of Bonds.

(a)            The Bonds shall be executed on behalf of the District by the President and Secretary of the Board, by their manual or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds.

(b)            In the event that any officer of the District whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c)            Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which Certificate shall be evidence that the Bond has been duly approved by the Attorney General of the State of Texas, that it is a valid and binding obligation of the District and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d)            On the Closing Date, one Initial Bond to be number T-1, payable in stated installments to the Purchaser or its designee, manually signed by the President and Secretary of the Board, approved by the Attorney General and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered Definitive Bond for each year of maturity of the Bonds in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6      Ownership.

(a)            The District, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Holder of such Bond for the purpose of making and receiving payment of the principal thereof and redemption premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon and for all other purposes (except interest will be paid to the person in whose name such bond is registered on the Record Date or Special Record Date, as applicable), whether or not such Bond is overdue and neither the District nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b)            All payments made to the Holder of a Bond shall be valid and effectual and shall discharge the liability of the District and the Paying Agent/Registrar upon such Bond to the extent of the sum paid.

Section 3.7     Registration, Transfer and Exchange.

(a)            So long as any Bonds remain outstanding, the District shall cause the Paying Agent/Registrar to keep at the Place of Payment a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

(b)            The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Place of Payment with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c)            The Bonds shall be exchangeable upon the presentation and surrender thereof at the Place of Payment for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d)            Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the District and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e)            No service charge shall be made to the Holder for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Holder to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f)            Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Holder of the uncalled principal balance of a Bond.

Section 3.8     Cancellation. All Bonds paid or redeemed before scheduled maturity in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be canceled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall then return such canceled Bonds to the District or may in accordance with law destroy such canceled Bonds and periodically furnish the District with certificates of destruction of such Bonds.

Section 3.9     Temporary Bonds.

(a)            Following the delivery and registration of the Initial Bond and pending the preparation of Definitive Bonds, the proper officers of the District may execute and, upon the District's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the Definitive Bonds in lieu of which they are delivered, without coupons and with such appropriate insertions, omissions, substitutions and other variations as the officers of the District executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b)            Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The District, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Holder.

#### Section 3.10 Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The District or the Paying Agent/Registrar may require the Holder of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Holder first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the District harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the District and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the District and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

(a) The Initial Bond shall be issued in the form of a single fully registered Bond for the entire issue amount of \$5,210,000 in the principal amounts for each year and bearing interest at the rates shown in Section 3.3, and delivered at the principal payment office of the Paying Agent/Registrar, and after payment therefor by the Purchaser, shall be canceled and Exchange Bonds for each maturity shall be exchangeable by the Paying Agent/Registrar for Exchange Bonds registered in the name of Cede & Co., as nominee of the Depository Trust Company (“DTC”) as agent for the Purchaser. The Exchange Bonds shall be delivered in denominations of \$5,000 or any integral multiple thereof for any one maturity in accordance with DTC’s Book-Entry-Only System.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the “DTC Participant”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Holder, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Holder, as shown in the Register of any amount with respect to principal or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal and interest on the Bonds only to or upon the order of the respective Holders, as shown in the Register, as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of principal and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Order with respect to interest checks being mailed to the Holder at the close of business on the Record Date the word “Cede & Co.” in this Order shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the District determines to discontinue the book-entry system through DTC or successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 3.13 Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

#### ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption. The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article.

Section 4.2 Optional Redemption.

(a) The District reserves the option to redeem the Bonds maturing on and after August 15, 2029 in whole or in part, in inverse order of maturity and by lot (or by any other customary method that results in a random selection) within a maturity, before their respective scheduled maturity dates, on August 15, 2028, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) The District, at least 45 days before the Redemption Date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such Redemption Date and of the principal amount of Bonds to be redeemed.

(c) The exercise by the District of its option to redeem Bonds shall be evidenced by an order or Resolution of the Board entered into its minutes.

Section 4.3 Mandatory Redemption.

(a) The Bonds maturing August 15, \_\_\_\_\_, and August 15, \_\_\_\_\_ (the "Term Bonds") shall be subject to mandatory sinking fund redemption prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

**Term Bond Due August 15,**

**Term Bond Due August 15,**

---

\*Final Maturity

(b) In the event there is more than one Bond outstanding, approximately forty-five (45) days prior to each mandatory redemption date for the Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Bonds or principal amount to be redeemed on the next following August 15 from moneys set aside for that purpose in the Debt Service Fund. Any Bonds not selected for prior redemption shall be paid on the date of their Stated Maturity.

(c) The principal amount of the Term Bond required to be redeemed on a mandatory redemption date may be reduced, at the option of the District, by the principal amount of the Term Bond

which, at least 50 days prior to a mandatory redemption date, (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation; (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement; or (iii) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bond plus accrued interest to the date of purchase thereof.

#### Section 4.4 Partial Redemption.

(a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If Bonds are to be partially redeemed, the Paying Agent/Registrar shall assign a separate number for each \$5,000 portion of the Bonds subject to redemption and select the portion or portions of the Bonds to be redeemed by lot or by any other customary method that results in a random selection.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of this Order, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

(c) The Paying Agent/Registrar shall promptly notify the District in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

#### Section 4.5 Notice of Redemption to Bondholders.

(a) Notice of the redemption shall be mailed by the Paying Agent/Registrar in the name and at the expense of the District not less than 30 days prior to the Redemption Date, to each Holder of Bonds to be redeemed at its address as it appeared on the 45<sup>th</sup> calendar day prior to such redemption date and to DTC. The notice of redemption shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit on the Redemption Date sufficient funds to pay the Redemption Price of the Bonds to be redeemed, or (ii) be sent only if sufficient funds to pay the Redemption Price of the Bonds to be redeemed is on deposit. The notice of redemption shall state:

1. the Redemption Date,
2. the Redemption Price,
3. the principal amount, the identification (by Bond and CUSIP number, Stated Maturity, interest rate and Bond Date of the Bonds) and, in the case of partial redemption, the respective principal amounts of the Bonds to be redeemed,
4. that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after said date, and
5. that the Bonds to be redeemed are to be surrendered for the payment of the Redemption Price at the office of the Paying Agent/Registrar, and the address of such Paying Agent/Registrar.

(b) The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the Redemption Date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor



any defect therein shall affect the sufficiency of notice given to Bondholders as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

Section 4.6 Payment Upon Redemption.

(a) Before or on each Redemption Date, the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount received by the Paying Agent/Registrar sufficient to pay the principal of and accrued interest on such Bonds.

(b) Upon presentation and surrender of any Bond called for redemption at the designated office of the Paying Agent/Registrar, on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond from the moneys set aside for such purpose.

Section 4.7 Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.5 of this Order, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the District defaults in the payment of the principal thereof or accrued interest thereon, such Bonds or portions of such Bonds shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

Section 4.8 Lapse of Payment. Money set aside for the redemption of Bonds and remaining unclaimed by the Holders thereof shall be subject to the provisions of Section 3.4(f).

ARTICLE V  
PAYING AGENT/REGISTRAR

Section 5.1 Appointment of Paying Agent/Registrar.

(a) The District shall at all times maintain a paying agent/registrar ("Paying Agent/Registrar") meeting the qualifications herein described, for the performance of the duties hereunder. BOKF, NA, in Dallas, Texas, is hereby appointed Paying Agent/Registrar for such purposes.

(b) The President and the Vice President of the Board or either of them, and the Secretary and any Assistant or Acting Secretary of the Board, or any of them, are hereby authorized and directed to execute an agreement with the Paying Agent/Registrar for the Bonds. By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.2 Approval of Paying Agent/Registrar Agreement. The Paying Agent/Registrar Agreement by and between the District and BOKF, NA, in Dallas, Texas ("Paying Agent/Registrar Agreement") in substantially the form and substance attached hereto as **Exhibit "A"** is hereby approved and the President or Vice President of the Board is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent/Registrar Agreement, as necessary and the Secretary is authorized and directed to attest such agreement.

Section 5.3 Qualifications of Paying Agent/Registrar. Every Paying Agent/Registrar appointed hereunder shall be a commercial bank, trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve as, and perform the duties and services of, paying agent and registrar for the Bonds.

Section 5.4 Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the District will maintain a Paying Agent/Registrar that is qualified under Section 5.3 of this Order.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the District will promptly appoint a replacement.

Section 5.5 Termination of Paying Agent/Registrar.

(a) The District reserves the right to appoint a successor Paying Agent/Registrar by (i) filing with the Person then performing such functions a certified copy of a Order or order giving forty-five (45) days notice of the termination of the agreement and appointing a successor; and (ii) causing not less than forty-five (45) days notice to be given to each Bondholder, specifying the substitution of another Paying Agent/Registrar, the effective date thereof and the address of such successor, but no termination shall become effective until such successor shall have accepted the duties of the Paying Agent/Registrar hereunder by written instrument.

(b) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

## ARTICLE VI FORM OF THE BONDS

Section 6.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Register and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the District or by the officers executing such Bonds, as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(b) The Definitive Bonds shall be typewritten, printed, lithographed, or engraved and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof. The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.2 Form of the Bonds. The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas (which shall only appear on the

Initial Bond), the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds shall be substantially as follows:

(a) Form of Bond.

REGISTERED  
No. R-\_\_\_\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF HAYS  
HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY  
UNLIMITED TAX BOND  
SERIES 2022

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>BOND DATE</u>  | <u>CLOSING DATE</u> | <u>CUSIP NUMBER</u> |
|----------------------|----------------------|-------------------|---------------------|---------------------|
| _____ %              | _____                | December 20, 2022 | December 20, 2022   | _____               |

Headwaters Municipal Utility District of Hays County (the “District”), in the County of Hays, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_ or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing August 15, 2023.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, or such other location designated by the Paying Agent/Registrar (the “Place of Payment”) or, with respect to a successor paying agent/registrar, at the Place of Payment of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered Holder at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered Holder shall be the person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last day of the month (whether or not a business day) next preceding the interest payment date.

In the event of a nonpayment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District.

Notice of the Special Record Date and of the special payment date of the past due interest (“Special Payment Date”), which shall be 15 days after the Special Record Date, shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Place of Payment is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$5,210,000 (herein referred to as the “Bonds”), issued pursuant to a certain Order of the District (the “Order”) for purposes of financing water, sanitary sewer, drainage, and storm sewer system facilities for the District; to pay developer interest; and to pay costs associated with the issuance of the Bonds under and in strict conformity with the Constitution and laws of the State of Texas.

This Bond, and the other Bonds of the series of which it is a part, are payable from the proceeds of an ad valorem tax levied without legal limitation as to rate or amount upon all taxable property within the District. Reference is hereby made to the Order for a complete description of the terms, covenants and provisions pursuant to which the Bonds are secured and made payable and the respective rights thereunder of the Registered Owners of the Bonds and of the District and the Paying Agent/Registrar. By acceptance of this Bond, the Registered Owner hereof expressly assents to all of the provisions of the Order.

The District has reserved the option to redeem the Bonds maturing on or after August 15, 2029, in whole or from time to time in part, on August 15, 2028, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the District shall redeem the Bonds in inverse order of Stated Maturity in integral multiples of \$5,000 and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds maturing August 15, \_\_\_\_\_ and August 15, \_\_\_\_\_ (the “Term Bonds”) shall be subject to mandatory sinking fund redemption prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

**Term Bond Due August 15,**

**Term Bond Due August 15,**

---

\*Final Maturity

In the event there is more than one Bond outstanding, approximately forty-five (45) days prior to each mandatory redemption date for the Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Bonds or principal amount to be redeemed on the next following August 15 from moneys set aside for that purpose in the Debt Service Fund. Any Bonds not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bond required to be redeemed on a mandatory redemption date may be reduced, at the option of the District, by the principal amount of the Term Bond which, at least 50 days prior to a mandatory redemption date, (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation; (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement; or (iii) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bond plus accrued interest to the date of purchase thereof.

Notice of such redemption or redemptions shall be given by first class mail postage prepaid, not less than 30 days before the date fixed for redemption, to the registered Holder of each of the Bonds to be redeemed in whole or in part at its address as it appeared on the 45<sup>th</sup> calendar day prior to such redemption. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Order and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Place of Payment with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered Holder of the uncalled principal balance of a Bond.

The District, the Paying Agent/Registrar and any other person may treat the person in whose name this Bond is registered as the Holder hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond is overdue, and neither the District nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law.

IN WITNESS WHEREOF, the District has caused this Bond to be duly executed under its official seal.

Secretary, Board of Directors  
Headwaters Municipal Utility District of  
Hays County

President, Board of Directors  
Headwaters Municipal Utility District of  
Hays County

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the Definitive Bonds if such certificate on the Initial Bond is fully executed.

|                           |   |                    |
|---------------------------|---|--------------------|
| OFFICE OF THE COMPTROLLER | § |                    |
| OF PUBLIC ACCOUNTS        | § | REGISTER NO. _____ |
| OF THE STATE OF TEXAS     | § |                    |

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, that it is a valid and binding obligation of Headwaters Municipal Utility District of Hays County, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Comptroller of Public Accounts of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

It is hereby certified that this Bond has been delivered pursuant to the Bond Order described in the text of this Bond, in exchange for or in replacement of a bond, bonds, or a portion of a bond approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

BOKF, NA, Dallas, Texas

Date of Authentication:

\_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_

(d) Form of Assignment.

#### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):

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---

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

NOTICE. The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Signature Guaranteed:

---

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Section, except for the following alterations:

(1) immediately under the name of the Bond, the headings "Interest Rate," "Maturity Date" shall be completed with the words "As Shown Below" and the heading "CUSIP No." deleted.

(2) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on August 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

(Information to be inserted from schedule  
in Section 3.3 of this Order)

(3) in the second paragraph of the Bond, the words shall be added to the paragraph as follows: "The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.";

(4) the Initial Bond shall be numbered T-1.

Section 6.3 CUSIP Registration. The President of the Board may secure the printing of identification numbers on the Bonds through the CUSIP Service Bureau Division of Standard and Poor's Corporation, New York, New York.

Section 6.4 Legal Opinion. The approving opinion of Bond Counsel, McLean & Howard, L.L.P., may be printed on the back of the Bonds with the certification of the Secretary of the Board which may be executed in facsimile. In addition, if any bond insurance is obtained, any statement of insurance may be placed on the Bonds.

## ARTICLE VII SALE AND DELIVERY OF BONDS

Section 7.1 Sale of Bonds and Official Statement Approval.

(a) Sale of the Bonds is hereby awarded to the Purchaser at a price of \$\_\_\_\_\_ subject to the unqualified approving opinion as to the legality of the Bonds of the Attorney General of the State of Texas and of bond counsel for the District and provided that the Initial Bond shall be delivered to the Purchaser. It is hereby found and declared that the price paid by the Purchaser produces the lowest net effective interest rate and is the most advantageous price reasonably available to the District. The President of the Board of Directors and all other officers, agents and representatives of the District are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Bonds.

(b) The form and use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The President and Secretary of the Board are authorized and directed to manually execute and deliver for and on behalf of the District copies of said Official Statement in final form as may be required by the Purchaser, and such Official Statement in the final form and content manually executed by any one or more of said officials shall be deemed to be approved by the Board of Directors and constitute the Official Statement authorized for distribution and use by the Purchaser.

(c) Upon the registration of all of the Bonds, the Comptroller of Public Accounts of the State of Texas is authorized and instructed to deliver all of the Bonds to McLean & Howard, L.L.P., or pursuant to such firm's order, for delivery to the Purchaser or to the District's depository.

(d) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of McLean & Howard, L.L.P, Bond Counsel for the District, which opinion shall be dated and delivered the Closing Date.

Section 7.2 Control and Delivery of Bonds.

(a) The President of the Board is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.



(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the initial purchaser thereof under and subject to the general supervision and direction of the President of the Board, against receipt by the District of all amounts due to the District under the terms of sale.

## ARTICLE VIII DEPOSIT OF PROCEEDS

### Section 8.1 Deposit of Proceeds.

(a) The proceeds from the sale of Bonds, excluding accrued interest (if any), shall be deposited into the Capital Projects Fund.

(b) Moneys received representing capitalized interest and accrued interest (if any) on the Bonds shall be deposited into the Debt Service Fund.

## ARTICLE IX FUNDS; FLOW OF FUNDS; INVESTMENTS

Section 9.1 Creation of Funds. The Debt Service Fund and the Capital Projects Fund are hereby created or confirmed as separate and distinct funds. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust by the District for the benefit of the Holders of the Bonds and the Additional Bonds, if any, as appropriate. The Capital Projects Fund shall be used as provided in Section 9.4 of this Order.

Section 9.2 Security of Funds. Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor or the Federal Savings and Loan Insurance Corporation or its successor, shall be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts, having an aggregate market value, exclusive of accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

Section 9.3 Debt Service Fund. The District shall deposit or cause to be deposited into the Debt Service Fund, capitalized interest, the proceeds from collections of the ad valorem taxes levied pursuant to Section 11.2 hereof, less costs of collection, as collected. Not later than five (5) days prior to any Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Debt Service Fund to the Paying Agent/Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Paying Agent/Registrar for its services as paying agent and registrar for the Bonds from the Debt Service Fund.

Section 9.4 Capital Projects Fund. All proceeds from the sale of the Bonds, shall be deposited into the District's Capital Projects Fund and used for the payment of expenses incident to the issuance of the Bonds, including financial advisory, legal and engineering fees and expenses; to finance the acquisition of water, sanitary sewer, drainage and storm sewer facilities or the District's capacity in such facilities; to pay developer interest; and to fund other eligible costs as approved by the Commission either prior to or after the issuance of the Bonds.

Section 9.5 Investments and Earnings. Moneys deposited into the Debt Service Fund, the Capital Projects Fund, and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken;

provided, however, that in the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

## ARTICLE X ADDITIONAL BONDS AND REFUNDING BONDS

Section 10.1 Additional Bonds. The District expressly reserves the right to issue, in one or more installments:

- (a) any authorized but unissued unlimited tax bonds which have been authorized at a bond election in the District; and
- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

Section 10.2 Other Bonds. The District further reserves the right to issue such other bonds as may be lawfully issued by the District without the necessity for an election.

Section 10.3 Refunding or Defeasance. The District further reserves the right to defease or refund the Bonds or any other bonds issued by the District in any manner provided by law at or prior to their respective dates of maturity or redemption.

## ARTICLE XI SECURITY FOR THE BONDS AND ANY ADDITIONAL BONDS

Section 11.1 Security of Bonds and Any Additional Bonds. The Bonds and any Additional Bonds are secured by and payable from the levy and pledge of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the District.

Section 11.2 Levy of Tax. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without limit as to rate or amount on all taxable property in the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into Debt Service Fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. The rate of the ad valorem tax hereby levied shall be determined and levied from year to year in an amount as will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection. The annual ad valorem tax rate shall be determined and the tax shall be levied, collected and applied to the payment of principal and interest on the Bonds, as follows:

- (a) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property in the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property in the District.

- (b) In determining the actual rate to be levied in each year, the Board shall consider among other things:
  - (i) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from taxes; and
  - (ii) the percentage of anticipated tax collections and the cost of collecting the taxes.
- (c) In determining the amount of taxes which should be levied each year, the Board may consider whether revenue or receipts are expected to be available from other sources which are legally available to pay principal of or interest or redemption price on the Bonds.

In addition to the taxes levied pursuant to this Section 11.2, the District may also levy from time to time taxes for maintenance and operation purposes, for contract obligations payable from taxes and for any other purpose or purposes authorized by law.

Section 11.3 Payment of Bonds and Performance of Obligations. The District covenants to pay promptly the principal of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Order, and to keep and perform faithfully all of its covenants, undertakings and agreements contained in this Order, or in any Bond executed, authenticated and delivered hereunder.

## ARTICLE XII COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS

Section 12.1 Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund,

if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less, in the case of a current refunding bond, for a period of 90 days, less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

Section 12.2 Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 12.3 Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized

bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 12.4 Allocation of, and Limitation on Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1.2 of this Order (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The District agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect

Section 12.5 Disposition of Project. The District covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the District may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 12.6 Designation as Qualified Tax-Exempt Bonds. The District hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (b) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the District (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the District will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

ARTICLE XIII  
CONTINUING DISCLOSURE OF FINANCIAL INFORMATION

Section 13.1     Annual Reports.

(a)           The District shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2022, all quantitative financial information and operating data of the general type included in the Official Statement in tables 1-3, 6, 8 and 9, and “APPENDIX A-Excerpts from the Annual Financial Report.” Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted auditing standards or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and (ii) audited, if the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report on such statements becomes available.

(b)           If the District changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

(c)           The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB’s internet website or filed with the SEC.

Section 13.2     Material Event Notices.

(i)           The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, 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-exempt status of the Bonds, or other events affecting the tax-exempt 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;
13.      Insolvency, receivership or similar events of the District or other obligated person within the meaning of CFR Section 240.15c2-12 (the “Rule”);
14.      Consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the

- meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds;
  16. Incurrence of financial obligations of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
  17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws.

(ii) The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section 13.2 of this Order by the time required by this Section.

### Section 13.3 Limitations, Disclaimers and Amendments.

(a) The District shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Texas law that causes the Bonds no longer to be outstanding.

(b) The provisions of this Section are for the sole benefit of the Bondholders and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO A BONDHOLDER OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION. EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(d) No default by the District in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provision of this Order. Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

(e) Notwithstanding any other provision within this Order, the provisions of this Article may be amended by the District from time to time to adapt to changed circumstances that arise from a

change in legal requirements, a change in law, or a change in the identity, nature, or status or type of operations of the District, if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the original primary offering in compliance with the Rule, taking into account such amendment as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount by any other provisions of this Order that authorize such an amendment) of the Outstanding Bonds consent to such amendment, or (b) a person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Bondholders. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

#### ARTICLE XIV DEFAULT AND REMEDIES

Section 14.1 Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

- (a) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable;
- (b) default in the performance or observance of any other covenant, agreement, or obligation of the District and the continuation thereof for a period of 30 days after notice of such default is given by any Bondholder to the District; or
- (c) the District files for protection under the federal Bankruptcy Code or other similar state or federal statute.

Section 14.2 Remedies for Default.

- (a) Upon the happening of any Event of Default or the default in the performance or observance of any other covenant, agreement, or obligation of the District, then any Bondholder or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the District for the purpose of protecting and enforcing the rights of the Bondholders under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Bondholders hereunder or any combination of such remedies.
- (b) All such proceedings shall be instituted and maintained for the equal benefit of all Bondholders.

Section 14.3 Remedies Not Exclusive.

- (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.
- (b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.



ARTICLE XV  
DISTRICT OFFICERS' DUTIES

Section 15.1    District Officers' Duties.

(a)            The President and Secretary of the Board of Directors of the District are hereby instructed and directed to do any and all things necessary in reference to the installation, completion and maintenance of the District's plants, facilities and improvements and to make monies available for the payment of the Bonds in the manner provided by law.

(b)            The President of the Board of Directors of the District shall submit the Bonds, the record of the proceedings authorizing the issuance of the Bonds and any and all other necessary orders, certificates and records to the Attorney General of the State of Texas for his investigation. After obtaining the approval of the Attorney General, the President of the Board of Directors shall cause the Bonds to be registered by the Comptroller of Public Accounts of the State of Texas.

(c)            The President and Secretary of the Board of Directors are authorized to do any and all things proper and necessary to carry out the intent of this Order; and, the President and Secretary of the Board of Directors are hereby directed (i) to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and (ii) to execute and deliver such agreements, instructions, letters, instruments and other documents, as either such officer shall determine to be necessary or appropriate to carry out the intent of this Order and to effect the delivery of the Bonds in accordance with the terms set forth herein.

ARTICLE XVI  
MISCELLANEOUS

Section 16.1    District's Successors and Assigns. Whenever in this Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

Section 16.2    Benefits of Order Provisions. Nothing in this Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the District, the Paying Agent/Registrar and the Bondholders any legal or equitable right or claim under or in respect of this Order, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions contained in this Order or in the Bonds being for the sole benefit of the District, the Paying Agent/Registrar and the Bondholders.

Section 16.3    Severability Clause. If any word, phrase, clause, sentence, paragraph, Section or other part of this Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Order and the application of such word, phrase, clause, sentence, paragraph, Section or other part of this Order to any other persons or circumstances shall not be affected thereby.

Section 16.4    Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and public notice of the time, place and purpose of said meeting was properly given, all as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, as amended.

Section 16.5 Amendments.

(a) This Order shall constitute a contract with the Bondholders entered into upon the initial purchase of the Bonds, shall be binding on the District and its successors and assigns whether or not so expressed, and shall not be amended or repealed by the District so long as any Bond remains outstanding except as permitted in this Section.

(b) The District may, without the consent of or notice to any Bondholder, from time to time and at any time amend this Order in any manner that the District determines is not detrimental to the interests of the Bondholders, for the purpose of the curing of any ambiguity, inconsistency, or formal defect or omission herein or therein. In addition, the District may amend, add to, or rescind any of the provisions of this Order; except that, notwithstanding the foregoing, without the consent of the Holders of all of the affected outstanding Bonds, no such amendment, addition, or rescission shall (1) change the Stated Maturity of the Bonds or any Interest Payment Date for an installment of interest thereon, reduce the principal amount thereof, the Redemption Price therefor, or the rate of interest thereon, change the place or places at, or the coin or currency in, which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of this Section, except to provide that certain other provisions of this Order cannot be modified or waived without the consent of the Holder of each Bond affected thereby.

(c) Any consent to any amendment hereof by the Bondholder shall bind every future Holder of the same Bond and the Holder of every Bond issued upon transfer or in lieu thereof or in exchange therefor, in respect of anything done or suffered to be done by the District in reliance thereon, whether or not notation of such action is made upon such Bond.

(d) Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption.

Section 16.6 Notice to Bondholders. Except as may be otherwise provided in this Order, where this Order provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Bondholder, at the address of such Bondholder as it appears in the Register. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of Bonds shall affect the sufficiency of such notice with respect to all other Bondholders. Wherever this Order provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the District, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

ARTICLE XVII  
EFFECTIVENESS

Section 17.1 Effectiveness. This Order shall take effect and be in force from and after its passage and approval.

PASSED AND APPROVED on this 17<sup>th</sup> day of November, 2022.

*[Remainder of this page intentionally left blank.]*



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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(SEAL)

Exhibit "A"  
Paying Agent/Registrar Agreement

## OFFICIAL NOTICE OF SALE

**\$4,740,000**  
**HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**  
*(A Political Subdivision of the State of Texas Located in Hays County, Texas)*  
**UNLIMITED TAX BONDS, SERIES 2023**

**Selling (Bids Due): Tuesday, December 20, 2022 at 9:00 A.M., CST**  
**Award Expected: 12:00 P.M., CST**

The Bonds are obligations solely of Headwaters Municipal Utility District of Hays County (the "District") and are not obligations of the City of Dripping Springs, Texas; Dripping Springs Independent School District, Hays County, Texas; the State of Texas or any entity other than the District.

**THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.**

### THE SALE

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The Board of Directors (the "Board") of the District is inviting competitive bids for the purchase of \$4,740,000 Unlimited Tax Bonds, Series 2023 (the "Bonds"). Sealed bids may be submitted by either of three alternative procedures: (1) written bids; (2) electronic bids; or (3) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The District and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of bids by telephone, facsimile or electronic options.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

**PROCEDURE NUMBER 1: SEALED, WRITTEN BIDS DELIVERED IN PERSON** . . . Bids, plainly marked "Bid for Bonds" should be addressed to "Board of Directors of Headwaters Municipal Utility District of Hays County" and should be delivered to the District's Financial Advisor, Garry Kimball, Specialized Public Finance Inc., at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, by 9:00 A.M., CST, on December 20, 2022 ("the date of the bid opening").

**PROCEDURE NUMBER 2: ELECTRONIC BIDDING PROCEDURES** . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 9:00 A.M., CST, on the date of the bid opening. ***Bidders must also submit, by 9:00 A.M., CST, on the date of the bid opening, SIGNED Official Bid Forms to Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.***

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Dalcomp/Parity, 395 Hudson Street, New York, New York 10014, attention: Jennifer Emery (212) 806-8304.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to the bidding system. An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither Specialized Public Finance Inc. nor the District shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

**All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and Official Bid Form. If any provision of this Official Notice of Sale conflicts with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control.**

For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "Basis of Award" below.

**PROCEDURE NUMBER 3: BIDS BY TELEPHONE OR FACSIMILE** . . . Bidders must submit by 9:00 A.M., CST, on the date of the bid opening, SIGNED Official Bid Forms to Garry Kimball, Specialized Public Finance Inc., at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) by 9:00 A.M., CST, on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 8:30 A.M. and 9:00 A.M., CST on the date of the bid opening.

Fax bids must be received between 8:30 A.M. and 9:00 A.M., CST, on the date of the bid opening at (512) 275-7305, attention: Garry Kimball.

**PLACE AND TIME OF BID OPENING** . . . The Board will publicly review and award the sale of the Bonds at the designated meeting place outside the boundaries of the District, at the offices of Freehold Capital Management, 8601 Ranch Road 2222, Building 1, Suite 260, Austin, Texas 78730 at 12:00 P.M., CST on Tuesday, December 20, 2022. All bids, including those being hand delivered, must be received by 9:00 A.M., CST on the date of the bid opening. Any bid received after the scheduled time for receipt will not be accepted by the Board and will be returned unopened.

**AWARD OF BONDS** . . . The District will take action to award the Bonds or reject any or all bids promptly upon the opening of bids. Upon awarding the Bonds to the winning bidder (the “Initial Purchaser”), the Board will adopt an order authorizing the issuance of the Bonds (the “Bond Order”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order, to which Bond Order reference is hereby made for all purposes. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing.

**WITHDRAWAL OF THE BIDS** . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for six hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

**EXTENSION OF SALE DATE** . . . The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CST, on Monday, December 19, 2022 of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

## THE BONDS

**DESCRIPTION OF BONDS** . . . The Bonds will be dated January 17, 2023, and interest will accrue from the date of Initial Delivery (as defined herein), will be payable on August 15, 2023, and on each February 15 and August 15 thereafter until the earlier of maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid by BOKF, NA (the “Paying Agent/Registrar”) which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See the Preliminary Official Statement (made a part hereof) for a more complete description of the Bonds, including redemption provisions. The Bonds will mature on August 15 in the years and amounts as follows:

### MATURITY SCHEDULE

| Maturity<br>(August 15) | Principal<br>Amount | Maturity<br>(August 15) | Principal<br>Amount |
|-------------------------|---------------------|-------------------------|---------------------|
| 2024                    | \$ 50,000           | 2036                    | \$ 190,000          |
| 2025                    | 105,000             | 2037                    | 200,000             |
| 2026                    | 110,000             | 2038                    | 215,000             |
| 2027                    | 120,000             | 2039                    | 225,000             |
| 2028                    | 125,000             | 2040                    | 240,000             |
| 2029                    | 130,000             | 2041                    | 250,000             |
| 2030                    | 140,000             | 2042                    | 265,000             |
| 2031                    | 145,000             | 2043                    | 280,000             |
| 2032                    | 155,000             | 2044                    | 295,000             |
| 2033                    | 165,000             | 2045                    | 310,000             |
| 2034                    | 170,000             | 2046                    | 330,000             |
| 2035                    | 180,000             | 2047                    | 345,000             |

**OPTIONAL REDEMPTION PROVISIONS** . . . Bonds maturing on and after August 15, 2028, are subject to redemption prior to maturity, at the option of the District, as a whole or, from time to time in part, on August 15, 2027, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District.

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

**OTHER TERMS AND COVENANTS** . . . Other terms of the Bonds and various covenants of the District are contained in the Bond Order, which is described in the Preliminary Official Statement, to which reference is made for all purposes.

**SOURCE AND SECURITY OF PAYMENT** . . . The Bonds will constitute valid and legally binding obligations of the District, with principal and interest payable solely from the proceeds of a continuing, direct, annual ad valorem tax levied against all taxable property located within the District, without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the City of Dripping Springs, Texas; Dripping Springs Independent School District; Hays County, Texas; the State of Texas or any entity other than the District.

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

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

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

**MUNICIPAL BOND RATING** . . . The Bonds have been rated "BBB-" by S&P Global Ratings ("S&P") without regard to credit enhancement.

**MUNICIPAL BOND INSURANCE** . . . An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by the rating agency of the bond insurance provider shall not relieve the Initial Purchaser of its obligation under the heading "DELIVERY AND ACCOMPANYING DOCUMENTS."

## **CONDITIONS OF SALE**

**TYPES OF BIDS AND INTEREST RATES** . . . The Bonds will be sold in one block on an "all or none" basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. The net effective interest rate on the Bonds may not exceed a rate which is three percentage points (3.00%) above the highest "20 Bond Index" as reported by the "Bond Buyer" during the thirty (30) day period prior to the date of this Official Notice of Sale. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used, but the highest interest rate bid may not exceed the lowest interest rate bid by more than 3.0% in rate. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than \$5,000 will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMOUNTS PER MATURITY** . . . After selecting the winning bid, the aggregate principal amount of the Bonds per maturity and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates and to create a substantially level debt service schedule for the District. Such adjustments will not change the aggregate principal amount of the Bonds and will not change the aggregate principal amount per maturity by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustments within four (4) hours after the opening of bids. Purchaser's compensation will be based upon the final par amount after any adjustments thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.



In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount per maturity of the par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustments of the aggregate principal amount of the Bonds per maturity and/or of the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to conditions herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

**BASIS OF AWARD** . . . For the purpose of awarding the sale of the Bonds, the total interest cost of each bid will be computed by determining, at the interest rates specified therein, the total dollar value of all interest on the Bonds from the date of Initial Delivery to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting therefrom the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest net effective interest cost to the District. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

**ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTEREST PARTY FORM 1295:** New obligation of the District to receive information from winning bidder. Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 (“the Interested Party Disclosure Act”), the District may not award the Bonds to the winning bidder unless the bidder has submitted a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the District prior to such award, as prescribed by the Texas Ethics Commission (“TEC”). In the event that the bidder’s bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify said winning bidder. That notification will serve as the District’s conditional verbal acceptance of the bid and will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award.

**Process for completing the Disclosure Form.** Reference should be made the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the “Disclosure Rules”) and the Interested Party Disclosure Act. Instructional information regarding such matters is set forth at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm). For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) item 2 – name of governmental entity: Headwaters Municipal Utility District of Hays County and (b) item 3 – the identification number assigned to this contract by the District: Headwaters MUD UTB 2023, and a description of the services to be provided under the contract: Purchase of Bonds. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the District to complete the form at the TEC Internet “portal” that may be accessed at the url set forth above, and then print, sign, notarize and deliver the Disclosure Form by email to the District at [cchandler@mphlegal.com](mailto:cchandler@mphlegal.com). Following the award of the Bonds, the District will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

**Preparations and for completion, and the significance of, the reported information:** In accordance with the Interested Party Disclosure Act, the information reported by the bidder MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and no award will be made by the District of the Bonds until a completed Disclosure Form is received. The District reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

**Verification Pursuant to Chapter 2270 of the Texas Government Code:** To the extent the winning bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Initial Purchaser will be required to verify in the Official Bid Form, for purposes of Chapter 2270 of the Texas Government Code, as amended, that at the time of execution and delivery of its bid or, except to the extent otherwise required by applicable federal law, to the date of delivery of the Bonds, neither the Initial Purchaser, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Initial Purchaser, boycotts or will boycott Israel. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended.

**COMPLIANCE WITH LAW PROHIBITING CONTRACTS WITH COMPANIES THAT DISCRIMINATE AGAINST FIREARM ENTITIES OR FIREARM TRADE ASSOCIATIONS:** To the extent the winning bid for the Bonds constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, (as added by Senate Bill 19, 87th Texas Legislature, Regular Session), as amended, the winning bidder will be required to verify in the Official Bid Form, for purposes of Chapter 2274 of the Texas Government Code, as amended, that neither the winning bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will

discriminate through the date of delivery of the Bonds against a firearm entity or firearm trade association. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association, as set forth in Section 2274.001(3), Texas Government Code. The bidder understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

**COMPLIANCE WITH LAW PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ENERGY COMPANIES:** To the extent the winning bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code, (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the winning bidder will be required to verify that neither the winning bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, boycott energy companies or will boycott energy companies through the date of delivery of the Bonds. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A), as set forth in Section 809.001, Texas Government Code. The bidder understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder of any syndicate member listed on the Official Bid Form and exists to make a profit.

**GOOD FAITH DEPOSIT** . . . A Good Faith Deposit, payable to the “Headwaters Municipal Utility District of Hays County” in the amount of \$94,800, is required. Such Good Faith Deposit shall be a wire transfer, bank cashier’s check or certified check (which is to be retained uncashed by the District pending the Initial Purchaser’s compliance with the terms of the bid and this Notice of Sale and Bidding Instructions). The Good Faith Deposit may be provided to the District via wire transfer (the District will provide wire instructions to the winning bidder), or in the form of a certified or cashier’s check. The Good Faith Deposit will be retained by the District and (a) (i) if the Initial Purchaser utilizes a cashier’s check as its Good Faith Deposit, said cashier’s check will be returned to the Initial Purchaser after delivery of the Bonds, (ii) if the Initial Purchaser utilizes a wire transfer method for its Good Faith Deposit, said wire transfer will be applied to the purchase price at the delivery of the Bonds; or (b) will be retained by the District as liquidated damages if the Initial Purchaser defaults with respect to its purchase of the Bonds in accordance with its bid; or (c) will be returned to the Initial Purchaser if the Bonds are not issued by the District for any reason which does not constitute a default by the Initial Purchaser.

## **OFFICIAL STATEMENT**

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the United States Securities and Exchange Commission (“SEC”).

**FINAL OFFICIAL STATEMENT** . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under “OFFICIAL STATEMENT – Certification as to Official Statement.”

**CHANGES TO OFFICIAL STATEMENT DURING UNDERWRITING PERIOD** . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to 15c2-12 of the federal Securities Exchange Act of 1934 (the “Rule”) (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement

which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. See “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

**DELIVERY OF OFFICIAL STATEMENTS** . . . The District will furnish to the Initial Purchaser (and to each other 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 requested but not in excess of 250 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above in “OFFICIAL STATEMENT – Changes to Official Statement During Underwriting Period” as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 25th day after the “end of the underwriting period” within the meaning of the Rule. The District will pay the expense of preparing up to 250 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

**RULE G-36 REQUIREMENTS** . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rulemaking Board’s Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the “Official Statement” along with two complete Form G-36’s to the appropriate address.

## **DELIVERY AND ACCOMPANYING DOCUMENTS**

**INITIAL DELIVERY OF INITIAL BOND** . . . Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond payable in installments (collectively, the “Initial Bond”), either in typed or printed form, in the aggregate principal amount of \$4,740,000, registered in the name of the Initial Purchaser, manually signed by the President or Vice President and Secretary or Assistant Secretary of the Board, or executed by the facsimile signatures of the President or Vice President and Secretary or Assistant Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or his authorized deputy. Upon delivery of the Initial Bond, the Paying Agent/Registrar shall immediately cancel the Initial Bond and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. in connection with DTC’s book-entry-only system. Initial Delivery will be at a corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given six (6) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about January 17, 2023, and subject to the aforementioned notice it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 10:00 A.M., CST, on January 17, 2023, or thereafter on the date the Bonds are tendered for delivery, up to and including January 31, 2023. If for any reason the District is unable to make delivery on or before January 31, 2023, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

**DTC DEFINITIVE BONDS** . . . The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co. as the nominee for DTC. All reference herein and in the Official Statement to the bondholders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in the denomination of \$5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

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

**CONDITIONS TO DELIVERY** . . . The obligation to take up and pay for the Bonds is subject to the following conditions: issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser’s receipt of typewritten bonds, the legal opinions of Bond Counsel and Special Tax Counsel, and the No-Litigation Certificate, all of which are described herein, and the non-occurrence of the events described below under the caption “No Material Adverse Change.” In addition, if the District fails to comply with its

obligations described in the Preliminary Official Statement, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**LEGAL OPINIONS** . . . The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of McLean & Howard, L.L.P., Austin, Texas, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principal of equity and the tax opinion of McCall, Parkhurst and Horton L.L.P. to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS."

**ESTABLISHING THE ISSUE PRICE FOR THE BONDS** . . . The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the sale date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer's municipal advisor (the "Issuer's Municipal Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the closing date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Bonds are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS** . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a “financial institution” allocable to tax-exempt obligation, other than “private activity bonds,” which are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any subordinate issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as referring to any corporation described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business which is subject to federal or state supervision as a financial institution.

The District is expected to designate the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as “qualified tax-exempt obligations.” Potential purchasers should be aware that if the issue price to the public (or, in the case of discount bonds, the amount payable at maturity) exceeds \$10,000,000, then such obligations might fail to satisfy the \$10,000,000 limitation and the obligations would not be “qualified tax-exempt obligations.”

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

**NO-LITIGATION CERTIFICATE** . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, to the effect that to the best of the District’s knowledge no litigation of any nature is pending or, to the best of the certifying officers’ knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers and directors of the District.

## CONTINUING DISCLOSURE

The District will agree in the Bond Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Initial Purchaser’s obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser(s) or its (their) agent of a certified copy of the Bond Order containing the agreement described under such heading.

## GENERAL CONSIDERATIONS

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

**RECORD DATE FOR BONDS TO BE REDEEMED** . . . Neither the District nor the Paying Agent shall be required (1) to issue, transfer, or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal on interest payment date or (2) to transfer or exchange, in whole or in part, any Bond or any portion thereof selected for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

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

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

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

**REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS** . . . The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

By submission of a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser’s written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service of process in any jurisdiction.

**COPIES OF DOCUMENTS** . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, Financial Advisor to the District.

HARVEY ZINN, JR.  
President  
Board of Directors  
Headwaters Municipal Utility District of Hays County

December 6, 2022

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## OFFICIAL BID FORM

President and Board of Directors  
Headwaters Municipal Utility District of Hays County  
c/o Specialized Public Finance Inc.  
248 Addie Roy Road, Suite B-103  
Austin, Texas 78746

Board of Directors:

We have read in detail your Official Notice of Sale and accompanying Preliminary Official Statement dated December 6, 2022, relating to the Headwaters Municipal Utility District of Hays County (the "District") and its \$4,740,000 Unlimited Tax Bonds, Series 2023 (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain risk factors, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$4,740,000, we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_% of the par value. Such Bonds mature August 15, in each of the years and in the amounts and interest rates shown below:

| Maturity<br>(August 15) | Principal<br>Amount | Interest<br>Rate | Maturity<br>(August 15) | Principal<br>Amount | Interest<br>Rate |
|-------------------------|---------------------|------------------|-------------------------|---------------------|------------------|
| 2024                    | \$ 50,000           | %                | 2036                    | \$ 190,000          | %                |
| 2025                    | 105,000             | %                | 2037                    | 200,000             | %                |
| 2026                    | 110,000             | %                | 2038                    | 215,000             | %                |
| 2027                    | 120,000             | %                | 2039                    | 225,000             | %                |
| 2028                    | 125,000             | %                | 2040                    | 240,000             | %                |
| 2029                    | 130,000             | %                | 2041                    | 250,000             | %                |
| 2030                    | 140,000             | %                | 2042                    | 265,000             | %                |
| 2031                    | 145,000             | %                | 2043                    | 280,000             | %                |
| 2032                    | 155,000             | %                | 2044                    | 295,000             | %                |
| 2033                    | 165,000             | %                | 2045                    | 310,000             | %                |
| 2034                    | 170,000             | %                | 2046                    | 330,000             | %                |
| 2035                    | 180,000             | %                | 2047                    | 345,000             | %                |

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

| Term Bonds<br>Maturing<br>August 15 | Year of<br>First Mandatory<br>Redemption | Principal<br>Amount | Interest<br>Rate |
|-------------------------------------|--|---------------------|------------------|
|                                     |  |                     | %                |
|                                     |  |                     | %                |
|                                     |  |                     | %                |
|                                     |  |                     | %                |
|                                     |  |                     | %                |
|                                     |  |                     | %                |

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

|                                    |          |
|------------------------------------|----------|
| TOTAL INTEREST COST FROM 1/17/2023 | \$ _____ |
| PLUS DOLLAR AMOUNT OF DISCOUNT     | \$ _____ |
| NET INTEREST COST                  | \$ _____ |
| NET EFFECTIVE INTEREST RATE        | _____ %  |



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

A wire transfer or a cashiers or certified check to the District in the amount of \$94,800 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

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

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

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

The undersigned hereby certifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Official Bid Form is a contract for goods or services, will not boycott Israel during the term of this Official Bid Form. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The undersigned understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the undersigned and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The undersigned understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit."

The undersigned hereby verifies that, to the extent the winning bid for the Bonds constitutes a contract for the purchase of goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, each of the Underwriters hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies through the delivery date of the Bonds. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

The undersigned hereby verifies that, to the extent the winning bid for the Bonds constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session, "SB 19"), Texas Government Code, as amended, each of the Underwriters hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and
- (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. The bidder understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

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

Respectfully submitted,

\_\_\_\_\_  
Name of Initial Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Headwaters Municipal Utility District of Hays County this the 20<sup>th</sup> day of December, 2022.

ATTEST:

\_\_\_\_\_  
Secretary  
Board of Directors  
Headwaters Municipal Utility District of Hays County

\_\_\_\_\_  
President  
Board of Directors  
Headwaters Municipal Utility District of Hays County

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## ISSUE PRICE CERTIFICATE

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2023 issued by the Headwaters Municipal Utility District of Hays County ("Issuer") in the aggregate principal amount of \$4,740,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

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

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst and Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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## ISSUE PRICE CERTIFICATE

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2023 issued by the Headwaters Municipal Utility District of Hays County ("Issuer") in the aggregate principal amount of \$4,740,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in \_\_\_\_ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the date of sale of the Bonds (the "Sale Date") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

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

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst and Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION

*(Attached)*

## PRELIMINARY OFFICIAL STATEMENT

Dated December 6, 2022

DELIVERY OF THE BONDS IS SUBJECT TO THE OPINIONS OF BOND COUNSEL THAT THE BONDS BE VALID OBLIGATIONS OF THE DISTRICT AND OF THE OPINION OF SPECIAL TAX COUNSEL TO THE DISTRICT, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS.

Rating:  
S&P: "BBB-"  
Insurance: Applied For

NEW ISSUE – BOOK-ENTRY-ONLY

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"  
FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS."

**\$4,740,000**

**HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**  
*(A Political Subdivision of the State of Texas Located in Hays County, Texas)*  
**UNLIMITED TAX BONDS, SERIES 2023**

**Dated: January 17, 2023**

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

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

The bonds described above (the "Bonds") are obligations solely of Headwaters Municipal Utility District of Hays County (the "District") and are not obligations of the State of Texas ("State"), Hays County (the "County"), the City of Dripping Springs (the "City"), Dripping Springs Independent School District or any entity other than the District.

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

**PAYMENT TERMS** . . . Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, (the "Paying Agent" or the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the date of Initial Delivery and will be payable each August 15 and February 15, commencing August 15, 2023, until maturity or prior redemption. Interest on the Bonds will be payable on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as provided on the inside cover page.

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

**PURPOSE** . . . The proceeds of the Bonds will be used to finance the District's share of the following projects: (i) Phase 3 wastewater treatment plant expansion, (ii) drip irrigation fields, (iii) engineering, and (iv) contingencies. The remaining Bond proceeds will be used to pay certain engineering costs and issuance costs associated with the Bonds. The remaining Bond proceeds will be used to: (i) capitalize approximately six months' interest requirements on the Bonds; and (ii) pay certain engineering costs and issuance costs associated with the Bonds. The District's Series 2022 Bond Anticipation Notes served as interim funding for the aforementioned items and will be repaid with interest from proceeds of the Bonds.

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**CUSIP PREFIX: 42211H**  
**MATURITY SCHEDULE**  
**SEE INSIDE COVER PAGE**

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**LEGALITY** . . . The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Initial Bond by the Attorney General of Texas and McLean & Howard, L.L.P., Bond Counsel, Austin, Texas, and McCall, Parkhurst and Horton L.L.P., Dallas, Texas, Special Tax Counsel (see "APPENDIX B – Form of Bond Counsel's Opinion" and "APPENDIX C – Form of Special Tax Counsel's Opinion).

**DELIVERY** . . . Delivery of the Bonds is expected through the facilities of DTC on January 17, 2023 ("Initial Delivery").

**BIDS DUE ON TUESDAY, DECEMBER 20, 2022, BY 9:00 A.M., CST**



## MATURITY SCHEDULE

| 8/15<br>Maturity | Principal<br>Amount | Interest<br>Rate | Initial<br>Yield <sup>(a)</sup> | CUSIP<br>Numbers <sup>(b)</sup> |
|------------------|---------------------|------------------|---------------------------------|---------------------------------|
| 2024             | \$ 50,000           |                  |                                 |                                 |
| 2025             | 105,000             |                  |                                 |                                 |
| 2026             | 110,000             |                  |                                 |                                 |
| 2027             | 120,000             |                  |                                 |                                 |
| 2028             | 125,000             |                  |                                 |                                 |
| 2029             | 130,000             |                  |                                 |                                 |
| 2030             | 140,000             |                  |                                 |                                 |
| 2031             | 145,000             |                  |                                 |                                 |
| 2032             | 155,000             |                  |                                 |                                 |
| 2033             | 165,000             |                  |                                 |                                 |
| 2034             | 170,000             |                  |                                 |                                 |
| 2035             | 180,000             |                  |                                 |                                 |
| 2036             | 190,000             |                  |                                 |                                 |
| 2037             | 200,000             |                  |                                 |                                 |
| 2038             | 215,000             |                  |                                 |                                 |
| 2039             | 225,000             |                  |                                 |                                 |
| 2040             | 240,000             |                  |                                 |                                 |
| 2041             | 250,000             |                  |                                 |                                 |
| 2042             | 265,000             |                  |                                 |                                 |
| 2043             | 280,000             |                  |                                 |                                 |
| 2044             | 295,000             |                  |                                 |                                 |
| 2045             | 310,000             |                  |                                 |                                 |
| 2046             | 330,000             |                  |                                 |                                 |
| 2047             | 345,000             |                  |                                 |                                 |

**(Interest to accrue from the date of Initial Delivery)**

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.
- (b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions, including but not limited to, a refunding in whole or in part of such maturity, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds. None of the District, the Financial Advisor nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

**REDEMPTION PROVISIONS . . .** The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2028 in whole or from time to time in part, on August 15, 2027, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”

*[The remainder of this page intentionally left blank]*

*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, this document constitutes a Preliminary Official Statement of the District with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*

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

*This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.*

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

*The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.*

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

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

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

## SALE AND DISTRIBUTION OF THE BONDS

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

**PRICES AND MARKETABILITY . . .** The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by negative events including, but not limited to, the current COVID-19 pandemic. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

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

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

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

## MUNICIPAL BOND RATING AND INSURANCE

The Bonds have been rated “BBB-” by S&P Global Ratings (“S&P”) without regard to credit enhancement. An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. See “RISK FACTORS – Bond Insurance Risks.”

*[The remainder of this page intentionally left blank]*

## OFFICIAL STATEMENT SUMMARY

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

### THE DISTRICT

|  |   |
|--|---|
| <b>THE ISSUER</b> .....                      | Headwaters Municipal Utility District of Hays County (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective August 8, 2007 and confirmed pursuant to an election held within the District on November 6, 2007. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. The District also has road powers under Section 52, Article III of the Texas Constitution. See “THE DISTRICT – General.”   |
| <b>LOCATION</b> .....                        | The District is located in Hays County, Texas. A portion of the District is located within the corporate limits of the City of Dripping Springs, Texas (“City”), and the remainder of the District is located within the extraterritorial jurisdiction of the City. The District is located within the boundaries of the Dripping Springs Independent School District. All lands within the District are located on the north side of State Highway 290. See “THE DISTRICT – Location” and “LOCATION MAP.”  |
| <b>THE DEVELOPER</b> .....                   | <p>WFC Headwaters Owner VII, L.P., a Delaware limited partnership (“Residential Developer”) is the developer of approximately 1,035 acres of real property within the District being developed for single family residential purposes (the “Residential Tract”). WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, is the General Partner of the Residential Developer, and WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, is the limited partner of the Residential Developer.</p> <p>Approximately 168 acres within the District (the “Commercial Tract”) are being developed for commercial and residential purposes by Oryx Land Holdings, LLC, a Texas limited liability company (“Commercial Developer”). The Commercial Developer sold a 9.629 to Ridge at Headwaters, Ltd. and constructed of a 168-unit market rate multifamily project on this site (the “Ridge Apartments”) has been completed. The Commercial Developer has completed construction of trunk utility facilities and access roads to serve the Ridge Apartments site and the remainder of the Commercial Tract and has contracted with the District for utility services and for future facilities reimbursements. See “THE DEVELOPERS – Description of Developers” and “THE DISTRICT – Current Status of Development.”</p> |
| <b>DEVELOPMENT WITHIN THE DISTRICT</b> ..... | <p>Of the approximately 1,503 acres within the District, approximately 381 acres (out of 451 developable acres) have been developed by the Residential Developer with utility facilities as a single-family residential subdivision. The District also expects the Commercial Tract within the District to be developed for commercial and residential purposes by the Commercial Developer. As of October 1, 2022, the development in the District consisted of 529 completed homes (of which 508 were occupied, 21 were complete and available for purchase), 120 homes under construction and 179 vacant developed lots within the Residential Tract. A 168-unit multifamily complex has also been completed by the Ridge at Headwaters, Ltd., which purchased 9.629 acres within the Commercial Tract for the Ridge Apartments from the Commercial Developer. As of October 1, 2022, 160 of the 168 multi-family units have been leased.</p> <p>Following the issuance of the Bonds, the District will still owe the Residential Developer approximately \$33,064,267 for water, wastewater and drainage facilities which have been constructed to date. See “THE DISTRICT – Current Status of Development.”</p>  |

**HOMEBUILDERS** ..... As of October 1, 2022, there are currently several homebuilders in the District, including David Weekley Homes, Taylor Morrison Homes, Ashton Woods and Newmark Homes. The homes generally range in price from \$600,000 to \$1,100,000. See “THE DEVELOPERS – Homebuilders within the District.”

## THE BONDS

**DESCRIPTION** ..... The Bonds in the aggregate principal amount of \$4,740,000 mature serially in varying amounts on August 15 of each year from 2024 through 2047, inclusive, in the principal amounts set forth on the inside cover page hereof. Interest accrues from the date of Initial Delivery and is payable August 15, 2023 and each February 15 and August 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”

**REDEMPTION** ..... The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2028 in whole or from time to time in part, on August 15, 2027, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”

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

**PAYMENT RECORD** ..... The Bonds constitute the eighth installment of bonds issued by the District. The District has never defaulted on the payment of its outstanding debt. See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued.”

**AUTHORITY FOR ISSUANCE** ..... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, a bond election held within the District on November 3, 2015, the approving order of the TCEQ, and an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”

**USE OF PROCEEDS** ..... The proceeds of the Bonds will be used to finance the District’s share of the following projects: (i) Phase 3 wastewater treatment plant expansion, (ii) drip irrigation fields, (iii) engineering, and (iv) contingencies. The remaining Bond proceeds will be used to pay certain engineering costs and issuance costs associated with the Bonds. The remaining Bond proceeds will be used to: (i) capitalize approximately six months’ interest requirements on the Bonds; and (ii) pay certain engineering costs and issuance costs associated with the Bonds. The District’s Series 2022 Bond Anticipation Notes served as interim funding for the aforementioned items and will be repaid with interest from proceeds of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$4,047,627 is estimated to be required for construction costs, and \$692,373 is estimated to be required for non-construction costs. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

**BONDS AUTHORIZED BUT UNISSUED** ..... At an election held within the District on November 6, 2007, the voters within the District approved the issuance of \$64,700,000 in bonds for water, wastewater and drainage system facilities. After the sale of the Bonds, the District will have

\$50,610,000 remaining in authorized but unissued utility bonds. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Future Debt.”

|  |   |
|--|---|
| <b>MUNICIPAL BOND RATING .....</b>                         | The Bonds have been rated “BBB-” by S&P Global Ratings (“S&P”) without regard to credit enhancement.  |
| <b>MUNICIPAL BOND INSURANCE .....</b>                      | An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. See “RISK FACTORS – Bond Insurance Risks.” |
| <b>QUALIFIED TAX-EXEMPT OBLIGATIONS.....</b>               | The District expects to designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and have represented that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2022 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions.”  |
| <b>BOND COUNSEL AND GENERAL COUNSEL .....</b>              | McLean & Howard, L.L.P., Austin, Texas (see “APPENDIX C – Form of Bond Counsel’s Opinion”).   |
| <b>SPECIAL TAX COUNSEL<br/>AND DISCLOSURE COUNSEL.....</b> | McCall, Parkhurst and Horton L.L.P., Austin, Texas  |
| <b>FINANCIAL ADVISOR .....</b>                             | Specialized Public Finance Inc., Austin, Texas  |
| <b>ENGINEER.....</b>                                       | Malone Wheeler, Inc. (the “Engineer”), Austin, Texas  |

## **RISK FACTORS**

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

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**SELECTED FINANCIAL INFORMATION**  
(Unaudited as of September 15, 2022)

|  |                |     |
|--|----------------|-----|
| 2020 Certified Taxable Assessed Valuation .....  | \$ 125,070,233 | (a) |
| 2021 Certified Taxable Assessed Valuation .....  | \$ 192,906,919 | (a) |
| 2022 Certified Taxable Assessed Valuation .....  | \$ 336,731,315 | (a) |
| Estimated Taxable Assessed Valuation (as of October 1, 2022).....                                    | \$ 410,899,000 | (b) |
| Gross Direct Debt Outstanding .....  | \$ 28,390,000  | (c) |
| Estimated Overlapping Debt.....  | 9,333,949      | (d) |
| Gross Direct Debt Outstanding and Estimated Overlapping Debt .....                                   | \$ 37,723,949  |     |
| Ratios of Gross Direct Debt Outstanding to:  |                |     |
| 2022 Certified Taxable Assessed Valuation .....  | 8.43%          |     |
| Estimated Taxable Assessed Valuation (as of October 1, 2022).....                                    | 6.91%          |     |
| Ratios of Gross Direct Debt Outstanding and Estimated Overlapping Debt to:                           |                |     |
| 2022 Certified Taxable Assessed Valuation .....  | 11.20%         |     |
| Estimated Taxable Assessed Valuation (as of October 1, 2022).....                                    | 9.18%          |     |
| 2022 Tax Rate:   |                |     |
| Debt Service.....  | \$ 0.6250      |     |
| Maintenance & Operation .....  | 0.2750         |     |
| Total.....   | \$ 0.9000      | (e) |
| General Operating Fund Balance as of September 15, 2022 (unaudited) .....                            | \$ 1,545,113   |     |
| Debt Service Fund Balance as of September 15, 2022 (unaudited) .....                                 | \$ 1,193,979   | (f) |
| Capital Project Fund Balance as of September 15, 2022 (unaudited) .....                              | \$ 5,459,467   |     |
| Projected Average Annual Debt Service Requirement on the Bonds and outstanding debt (2022-2047) \$   | 1,630,633      | (c) |
| Projected Maximum Annual Debt Service Requirement on the Bonds and outstanding debt (2042).. \$      | 1,923,821      | (c) |
| Tax Rates Required to Pay Projected Average Annual Debt Service (2022-2047) at a 95% Collection Rate |                |     |
| Based upon 2022 Certified Taxable Assessed Valuation.....  | \$ 0.5098      |     |
| Tax Rates Required to Pay Projected Maximum Annual Debt Service (2042) at a 95% Collection Rate      |                |     |
| Based upon 2022 Certified Taxable Assessed Valuation.....  | \$ 0.6014      |     |
| Number of Active Connections as of October 1, 2022:  |                |     |
| Total Developed Single Family Lots .....   | 828            |     |
| Single Family Homes– Completed & Occupied.....   | 508            |     |
| Single Family Homes – Completed & Unoccupied .....   | 21             |     |
| Single Family Homes – Under Construction .....   | 120            |     |
| Single Family – Vacant Developed Lots .....  | 179            |     |
| Estimated Population as of October 1, 2022 .....   | 1,778          | (g) |

- (a) Assessed valuation of the District as certified by the Hays Central Appraisal District (“HCAD”). See “TAXING PROCEDURES.”
- (b) The Estimated Taxable Assessed Valuation (as of October 1, 2022) as provided by HCAD, is included solely for purposes of illustration. No taxes will be levied on this valuation unless it is certified by HCAD.
- (c) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”
- (d) See “FINANCIAL STATEMENTS – Estimated Overlapping Debt.”
- (e) The District levied a 2022 total tax rate of \$0.9000. See “Table 9 – District Tax Rates.”
- (f) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund. Preliminary, subject to change.
- (g) Based upon 3.5 residents per completed and occupied single family home.

**OFFICIAL STATEMENT**  
**Relating to**  
**\$4,740,000**  
**HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**  
**(A Political Subdivision of the State of Texas Located in Hays County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2023**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by the Headwaters Municipal Utility District of Hays County (the “District”), a political subdivision of the State of Texas (the “State”), of its \$4,740,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”).

The Bonds are issued pursuant to an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the “Bond Order”), pursuant to Article XVI, Section 59 of the Constitution and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 2015; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o McLean & Howard, L.L.P., 901 South MoPac Expressway, Suite 225, Austin, Texas 78746 or from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

**THE BONDS**

**GENERAL DESCRIPTION . . .** The Bonds are dated January 17, 2023 and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will accrue from the date of Initial Delivery, will be paid on August 15, 2023 and each February 15 and August 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

**REDEMPTION . . .** The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2028, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on August 15, 2027, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will



have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

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

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

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

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

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

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

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

**AUTHORITY FOR ISSUANCE . . .** At an election held within the District on November 6, 2007, voters within the District authorized the issuance of a total of \$64,700,000 in unlimited tax bonds for water, wastewater and drainage system facilities. The Bonds constitute the eighth installment of bonds issued by the District, but will be the third installment of bonds issued for water, wastewater and drainage system facilities. After the sale of the Bonds, \$50,610,000 principal amount of District bonds will remain authorized but unissued for water, wastewater and drainage system facilities. The Bonds are issued pursuant to the terms and provisions of the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of the TCEQ.

**SOURCE OF AND SECURITY FOR PAYMENT . . .** The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (the "City"), the District may be annexed by the City without the District's consent; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. Under the Amended and Restated Development Agreement dated to be effective as of April 14, 2005, Dripping Springs agreed that it would not annex any residential land within the District until: (a) water, wastewater and drainage facilities have been completed to serve at least ninety percent (90%) of the developable acreage within the District; and (b) the Residential Developer and Commercial Developer have been reimbursed by the District for the water, wastewater, drainage or other facilities serving the District in accordance with the rules of the Texas Commission on Environmental Quality. Annexation of territory by Dripping Springs is a policy-making matter within the discretion of the Mayor and City Council of Dripping Springs and therefore, the District makes no representation that Dripping Springs will ever annex the District and assume its debt. No representation is made concerning the ability of the City to make debt service payments on the Bonds should dissolution of the District occur.

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

**PAYMENT RECORD . . .** The Bonds constitute the eighth installment of bonds issued by the District, but will be the third installment of bonds issued for water, wastewater and drainage system facilities. The District has never defaulted on the payment of its outstanding debt.

**FLOW OF FUNDS . . .** The Bond Order creates the establishment and maintenance by the District of a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of water control and improvement districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

*Debt Service Fund . . .* The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and approximately twelve months' capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

*Capital Projects Fund . . .* The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) to the

extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater and drainage facilities as approved by TCEQ, then it is in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

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

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

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

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

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

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

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

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

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

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

**ISSUANCE OF ADDITIONAL DEBT . . .** The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ (except in the case of road improvements) and, in the case of bonds payable from taxes, the District's voters. According to the District's engineer, the \$64,700,000 in principal amount of bonds authorized but unissued should be sufficient to reimburse the Residential Developer for the water, wastewater and drainage system facilities required for development within the District. On November 6, 2007, voters within the District authorized the issuance of unlimited tax bonds in the principal amounts of \$64,700,000 for the purpose of providing water, wastewater, and drainage system facilities to meet the needs of the residents and customers of the District as well as \$97,050,000 in refunding bonds. Following the issuance of the Bonds, \$50,610,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater and drainage system facilities. The District also has voter authority to issue \$54,545,000 for road purposes, of which \$34,815,000 is currently outstanding and \$81,817,500 for refunding purposes. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "RISK FACTORS."

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

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

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

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

**REMEDIES IN EVENT OF DEFAULT . . .** The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 51 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity

of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. CT. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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

**ANNEXATION . . .** The District lies partially within the corporate limits and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas ("Dripping Springs"). Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (the "City"), the District may be annexed by the City without the District's consent; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. Under the Amended and Restated Development Agreement dated to be effective as of April 14, 2005, Dripping Springs agreed that it would not annex any residential land within the District until: (a) water, wastewater and drainage facilities have been completed to serve at least ninety percent (90%) of the developable acreage within the District; and (b) the Residential Developer and Commercial Developer have been reimbursed by the District for the water, wastewater, drainage or other facilities serving the District in accordance with the rules of the Texas Commission on Environmental Quality. Annexation of territory by Dripping Springs is a policy-making matter within the discretion of the Mayor and City Council of Dripping Springs, subject to the voter and/or landowner approval requirements discussed above, and therefore, the District makes no representation that Dripping Springs will ever annex the District and assume its debt. No representation is made concerning the ability of the City to make debt service payments on the Bonds should dissolution of the District occur.

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

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

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

modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

### **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](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 purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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## USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the District's share of the following projects: (i) Phase 3 wastewater treatment plant expansion, (ii) drip irrigation fields, (iii) engineering, and (iv) contingencies. The remaining Bond proceeds will be used to pay certain engineering costs and issuance costs associated with the Bonds. The remaining Bond proceeds will be used to: (i) capitalize approximately six months' interest requirements on the Bonds; and (ii) pay certain engineering costs and issuance costs associated with the Bonds. The District's Series 2022 Bond Anticipation Notes served as interim funding for the aforementioned items and will be repaid with interest from proceeds of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$4,047,627 is estimated to be required for construction costs, and \$692,373 is estimated to be required for non-construction costs.

The estimated use and distribution of Bond proceeds is set forth below. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor.

### SUMMARY OF COSTS

| <b>I. <u>CONSTRUCTION COSTS</u></b>                               |               | <b><u>District's Share</u></b> |
|---|---------------|--------------------------------|
| A. Developer Contribution Items – None                            |               |                                |
| B. District Items:  |               |                                |
| 1. Phase 3 Wastewater Treatment Plant Expansion.....              | \$            | 2,847,680                      |
| 2. Phase 3 Wastewater Treatment Plant Drip Irrigation Fields..... |               | 721,160                        |
| 3. Contingencies (10.28% of Items 1-2).....                       |               | 366,877                        |
| 4. Engineering (5.0% of Items 1-2).....                           |               | 178,442                        |
| <b>Total District Items.....</b>                                  | <b>\$</b>     | <b>4,114,159</b>               |
| <b>Less: Surplus Funds.....</b>                                   |               | <b>66,532</b>                  |
| <b>Total Construction Costs (85.39% of BIR).....</b>              | <b>\$</b>     | <b>4,047,627</b>               |
| <br>  |               |                                |
| <b>II. <u>NON-CONSTRUCTION COSTS</u></b>                          |               |                                |
| A. Bond Counsel Fees.....   | \$            | 82,400                         |
| B. Special Tax Counsel Fees .....                                 |               | 9,480                          |
| C. Fiscal Agent Fees .....  |               | 71,100                         |
| D. Interest:  |               |                                |
| 1. Capitalized Interest (6 months at 3.75%) .....                 |               | 88,875                         |
| 2. BAN Interest (12 months at 2%).....                            |               | 84,600                         |
| E. Bond Discount (3.00%).....                                     |               | 142,200                        |
| F. Bond Issuance Expenses .....                                   |               | 33,887                         |
| G. BAN Issuance Expense .....                                     |               | 115,841                        |
| H. Bond Engineering Fee.....                                      |               | 47,400                         |
| I. Attorney General Fee (0.10%) .....                             |               | 4,740                          |
| J. TCEQ Fee .....   |               | 11,850                         |
| K. Contingency .....  |               | 0                              |
| <b>Total Non-Construction Costs .....</b>                         | <b>\$</b>     | <b>692,373</b>                 |
| <br><b>TOTAL BOND ISSUE REQUIREMENT .....</b>                     | <br><b>\$</b> | <br><b>4,740,000</b>           |

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## RISK FACTORS

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

**INFECTIOUS DISEASE OUTLOOK (COVID-19) . . .** The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Order GA-18 on April 27, 2020, which, among other things, requires Texans to minimize in-person contact with people who are not in the same household unless such people are involved in essential services or reopened services (subject to certain conditions and limitations pertaining to such reopened services) or essential daily activities and closes schools to in-person classroom attendance by students throughout the 2019-2020 school year, unless such order is otherwise extended, modified, rescinded, or superseded by the Governor. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. In addition, Hays County, within which the District is located, has issued “stay home” orders for most citizens except when engaged in specific essential business functions. Hays County’s “stay home” order does not prohibit homebuilding activity within the District. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in delays in construction or development as well as declines in the demand for residential and commercial property in the Austin area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s or Developer’s delays in construction or development as well as operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition. See “THE DISTRICT – Current Status of Development” and “THE DEVELOPERS.”

**FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . .** *Economic Factors, Interest Rates, Credit Availability and Residential Foreclosures:* A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the economic prosperity and

demographic characteristics of the urban centers toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

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

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

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

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

**Impact on District Tax Rates:** Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2022 Certified Assessed Valuation is \$125,070,233 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$1,923,821 (2042) and the Projected Average Annual Debt Service Requirement will be \$1,630,633 (2022-2047, inclusive). A tax rate of \$0.6014/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$1,923,821, and a tax rate of \$0.5098/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$1,630,633 based upon the 2022 Certified Taxable Assessed Valuation.

**BOND INSURANCE RISKS . . .** The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The purchase of bond insurance, if available, will be at the option and expense of the Purchaser. If a bond insurance policy is purchased by the Purchaser, provided below are risk factors relating to bond insurance.

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 earlier due date of such principal by reason of mandatory or optional redemption, 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 redemption. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds which is recovered by the District from the owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such redemption 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 that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the Bond Order.

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 by the Paying Agent pursuant to the Bond Order. 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.

If insurance is purchased on the Bonds, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its ability to pay claims which is predicated upon a number of factors that could change over time. No

assurance is given that the long-term ratings of the Bond Insurer and the ratings on any Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and, in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency. No independent investigation into the ability of the Bond Insurer to pay claims has been made and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

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

**STATE LEGISLATIVE ISSUES . . .** The State Legislature, operating under the biennial system, convenes its regular session at noon on the second Tuesday in January of odd-numbered years. The maximum duration of a regular session is 140 days. The 87th regular legislative session convened on January 12, 2021 and concluded on May 31, 2021. Under the Texas Constitution, the Governor has the authority to call additional special sessions of the State Legislature at any time, each for a duration of no more than thirty days, to address only those subjects designated by the Governor. While in session, the State Legislature may consider bills which could have an impact on the District. The District makes no representations or predictions with respect to whether the Governor will exercise his authority under the Texas Constitution to call additional special sessions of the State Legislature or concerning the substance or effect of any legislation that may be proposed and ultimately passed with the State Legislature is in session.

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

**HOUSING MARKET, VOLATILITY AND RECENT FORECLOSURES . . .** In past years, disruptions in the housing market have led to a number of foreclosures on single family homes nationally. In the District, there were no posted foreclosures on single-family homes by the Hays County Clerk's Office as of May 1, 2021. No assurance can be given whether the number of foreclosures will decrease or increase or that market conditions will improve.

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

**BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . .** The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically

authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law a water control and improvement district, such as the District, must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

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

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

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

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

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

**FUTURE DEBT . . .** The District has reserved in the Bond Order the right to issue the remaining \$34,815,000 authorized but unissued Unlimited Tax Road Bonds and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District, including up to \$64,700,000 in bonds for water, wastewater and drainage facilities. The District has also reserved the right to issue \$97,050,000 in refunding bonds authorized at the November 6, 2007 election, and the \$81,817,500 in refunding bonds authorized at the November 3, 2015 election. All of the remaining \$34,815,000 Unlimited Tax Road Bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas. In the opinion of the District's engineer, the remaining authorization should be sufficient to reimburse the Residential Developer for the development within the Residential Tract. See "THE SYSTEM."

The District has approval from the TCEQ to issue another \$4,740,000 in bonds, which issuance will follow the issuance of the Bonds in early 2023.

Following the issuance of the Bonds, the District will still owe the Residential Developer approximately \$33,064,267 for additional road, water, wastewater and drainage facilities which have been constructed to date.

**GOVERNMENTAL APPROVAL** . . . As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed on August 10, 2022 (the “TCEQ Order”). In addition, the Attorney General of Texas must also approve the legality of the Bonds prior to their delivery.

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

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

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

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

*Air Quality Issues.* 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” – Travis, Hays, Williamson, Bastrop, and Caldwell counties – has recently been redesignated by the EPA as an attainment area. The Austin Area entered into an early action compact (EAC) with the TCEQ and EPA which demonstrates attainment and maintenance of the 8-hour ozone standard. EACs allow regions that are in nonattainment or near nonattainment for ozone under the federal CAA to elect to use their knowledge of local conditions to determine which ozone control strategies should be implemented in their area, as opposed to having rules dictated by state and federal agencies.

The EPA signed a consent decree with several environmental organizations which bound the EPA to designating nonattainment areas for 8-hour nonattainment. The Austin Area took early action with an EAC on November 17, 2004 to reduce its emissions so as not to be designated nonattainment. Voluntary reductions have focused on reducing the number of vehicles on Austin Area roads, since vehicles are the area’s main source of air pollution.

The area will report semi-annually on the progress of their control measures. Under the EACs, attainment must have been demonstrated by 2007. EPA approved the photochemical modeling in support of the attainment demonstration for the 8-hour ozone standard within the Austin Area on August 15, 2005. EPA also approved the Austin EAC “CAAP” which includes control measures and demonstrates maintenance of the standard through 2012 (including a vehicle inspection and maintenance (I/M) program). These steps and any EPA/TCEQ responses could impact the economy and communities in the Austin Area.

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

Should the Austin Area fail to achieve attainment under an EPA NAAQS, or should the Austin Area fail to satisfy a then effective State Implementation Plan (SIP) (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA’s implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail

to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

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

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

Pursuant to the Safe Drinking Water Act, potable (drinking) water provided by the District to more than sixty (60) end users for consumption will be subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Additionally, the EPA has been charged with establishing maximum contaminant levels (MCLs) for potential drinking water contaminants (both naturally occurring and anthropogenic) such as arsenic, lead, radon, and disinfection by-products (e.g. chlorine). Additionally, TCEQ is initiating rule changes to Chapter 290, Public Drinking Water, to implement the federal Stage 2 Disinfection Byproducts Rule (DBP2), Long Term Stage 2 Enhanced Surface Water Treatment Rule (LT2), and Ground Water Rule (GWR). EPA adopted the GWR on December 31, 2006. Future regulations or requirements pertaining to these and other drinking water contaminants could require installation of more costly treatment facilities.

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

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies. Total maximum daily loads ("TMDLs") rules can have a significant impact on the District's ability to obtain TPDES permits and maintain those permits. The District may be required to expend substantial funds to meet any of these regulatory requirements. If the District fails to achieve compliance with its discharge permits, a private plaintiff or the EPA could institute a civil action for injunctive relief and civil penalties. Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and proposed two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may also be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

**Operations of the District are also potentially subject to requirements and restrictions under the Clean Water Act 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 U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.**

*Atlas 14 Study.* The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain and will also increase the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). See "THE SYSTEM – 100-Year Flood Plain."

**MARKETABILITY OF THE BONDS . . .** The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds will were to develop, that it will not be disrupted by events including, but



not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

**DROUGHT CONDITIONS . . .** Central Texas, like other areas of the State, has experienced extreme drought conditions within the last several years. The District adopted a water conservation plan and currently has implemented water restrictions for residents of the District. The West Travis County Public Utility Agency provides water to the District in amounts sufficient to service the residents of the District, however, if drought conditions resume, water usage, rates and water revenues could be impacted.

**FORWARD-LOOKING STATEMENTS . . .** The statements contained in this Official Statement, and in any other information provided by the District or Developers, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District and Developers on the date hereof, and neither the District nor the Developers assume any obligation to update any such forward-looking statements.

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

## THE DISTRICT

**GENERAL . . .** Headwaters Municipal Utility District of Hays County (the "District"), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), effective August 8, 2007 and confirmed pursuant to an election held within the District on November 6, 2007. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. Pursuant to Chapter 7951 of the Texas Special District Local Laws Code, the District also has road powers under Section 52, Article III of the Texas Constitution. Fire services are provided to residents and property owners within the District by North Hays County ESD #1 and Northwest Hays County ESD #5.

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

| <b>Name</b>      | <b>Title</b>        | <b>Term Expires</b> |
|------------------|---------------------|---------------------|
| Harvey Zinn, Jr. | President           | 2026                |
| Lisa Stephens    | Vice President      | 2026                |
| Drax Marlow      | Secretary           | 2026                |
| William Farrell  | Treasurer           | 2024                |
| Brian Jacks      | Assistant Secretary | 2024                |

### **Consultants:**

***Tax Assessor/Collector . . .*** Land and improvements in the District are being appraised by the Hays Central Appraisal District ("HCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Hays County Tax Assessor/Collector, Ms. Luanne Carraway, currently serves the District in this capacity under contract.

***Operator . . .*** The District contracts with the Crossroad Utilities to serve as operator for the District.

***Bookkeeper . . .*** Municipal Accounts & Consulting, L.P. ("Municipal Accounts") is charged with the responsibility of providing bookkeeping services for the District. Municipal Accounts serves in a similar capacity for other special districts.

***Engineer . . .*** The District's consulting engineer is Malone-Wheeler (the "Engineer"). Such firm serves as consulting engineer to other special districts.

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

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

*Special Tax Counsel and Disclosure Counsel* . . . McCall, Parkhurst and Horton L.L.P. serves as Special Tax Counsel and Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Special Tax Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

**LOCATION** . . . The District is located in Hays County. The District is partially located within the corporate boundaries, and partially within the extraterritorial jurisdiction, of the City of Dripping Springs, Texas and within the boundaries of the Dripping Springs Independent School District. The District is located on the north side of State Highway 290. See "LOCATION MAP."

**UNDEVELOPED ACREAGE** . . . There are approximately 166 developable acres of land within the District that have not been provided with water, wastewater and storm drainage and detention facilities as of October 1, 2022. The District makes no representation as to when or if development of this acreage will occur. See "THE DISTRICT – Status of Development."

**CURRENT STATUS OF DEVELOPMENT** . . . Of the approximately 1,503 acres within the District, approximately 381 acres (out of 451 developable acres) have been developed for single family residential purposes by the Residential Developer. As of October 1, 2022, the development in the Residential Tract consisted of 529 completed homes (of which 508 were occupied, 21 were completed and available for purchase), 120 homes under construction and 179 vacant developed lots. A 168-unit multifamily complex has also been completed by the Ridge at Headwaters, Ltd., which purchased 9.629 acres within the Commercial Tract for the Ridge Apartments from the Commercial Developer. As of October 1, 2022, 160 of the 168 multi-family units have been leased.

The chart below reflects the status of development of the residential and commercial lands within the District as of October 1, 2022:

|  | <u>Net<br/>Acreage</u> | <u>Platted<br/>Lots</u> | <u>Completed<br/>Homes</u> | <u>Homes Under<br/>Construction</u> | <u>Vacant<br/>Lots</u> |
|--|------------------------|-------------------------|----------------------------|-------------------------------------|------------------------|
| <b>A. Sections with Utility Facilities or Under Construction</b> |                        |                         |                            |                                     |                        |
| Developed  | 381                    |                         |                            |                                     |                        |
| Under Construction <sup>(a)</sup>                                | 0                      |                         |                            |                                     |                        |
| Remaining Developable Acreage                                    | 69.56                  | 828                     | 529                        | 120                                 | 179                    |
| <b>Total Developable Acreage</b>                                 | 450.56                 |                         |                            |                                     |                        |
| <b>C. Undevelopable Acreage</b>                                  |                        |                         |                            |                                     |                        |
| Drainage, Detention, Floodplain, Parkland/Open Space             | 1,053                  |                         |                            |                                     |                        |
| <b>Total Developable Acreage</b>                                 | 1,503.56               |                         |                            |                                     |                        |

(a) Includes Phase 2 and Phase 4.1 within the Residential Tract and a 9.63 acre site being developed for multi-family purposes in the Commercial Tract.

**FUTURE DEVELOPMENT** . . . As of the date hereof, there are remaining approximately 166 acres of land in the District, as yet undeveloped with water, sewer & drainage facilities and road improvements to support development. The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, general and economic conditions which would affect any party's ability to sell lots and/or other property and of any home builder to sell completed homes as described in this Official Statement under the caption "RISK FACTORS." If the undeveloped portion of the District is eventually developed, additions to the District's water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues of the District's bonds and developer contributions, if any, as required by the TCEQ.

**ANNEXATION OF THE DISTRICT** . . . The District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs. See "THE BONDS – Annexation" for a discussion of the ability of the City of Dripping Springs to annex the District.

**CONSENT AGREEMENT** . . . The District, the City, Residential Developer, Rathgeber Investment Company, Ltd. ("RIC") and Commercial Developer are parties to that certain Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" dated to be effective February 8, 2005, as subsequently amended on June 10, 2008, July 28, 2015, and May 29, 2020 (the "Consent Agreement"). The Consent Agreement governs the construction, operation, maintenance and inspection of District utility facilities; the provision of services by the District; the issuance of bonds by the District; and the annexation of the District by the City. Under the Consent Agreement, the City has authorized the District to issue its bonds in a total principal amount of \$119,245,000 for authorized purposes, including for road projects and for water, sewer and drainage projects.



**DEVELOPMENT AGREEMENT . . .** The City, Residential Developer, Commercial Developer and RIC are also parties to that certain Restated Development Agreement dated to be effective as of April 14, 2005 governing the development of lands within the District, including environmental protection, construction of utility infrastructure improvements, deed restrictions, lighting and signage. The Development Agreement also includes provisions governing the timing of annexation of the lands within the District by the City.

## **THE DEVELOPERS**

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

**DESCRIPTION OF DEVELOPERS . . .** The Residential Tract within the District is being developed for single family residential purposes as "Headwaters at Barton Creek" ("Headwaters") by WFC Headwaters Owner VII, L.P., a Delaware limited partnership, of which WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, is the General Partner and WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, is the limited partner.

Approximately 168 acres within the District is being developed for commercial and residential purposes by Oryx Land Holdings, LLC, a Texas limited liability company. The Commercial Developer sold a 9.629 to Ridge at Headwaters, Ltd., which has commenced construction of a 168-unit market rate multifamily project on this site (the "Ridge Apartments"). The Commercial Developer has completed construction of trunk utility facilities and access roads to serve the Ridge Apartments site and the remainder of the Commercial Tract and has contracted with the District for future facilities reimbursements. See "THE DISTRICT – Current Status of Development."

**ACQUISITION AND DEVELOPMENT FINANCING . . .** According to the Residential Developer, part of the development of Headwaters has been funded by four development loans, two from American Bank, N.A. and two from Pioneer Bank, SSB. The first loan from American Bank, N.A. in the amount of \$9,900,000 with a maturity date of October 13, 2018 for funding of Phase 1 was paid off in full as of February 6, 2018. The second loan from American Bank, N.A. in the amount of \$3,500,000 with a maturity date of December 31, 2018 for funding of the amenity center was refinanced and paid off on September 7, 2018. The third loan for refinancing of the amenity center loan and funding of Phase 2 closed with Pioneer Bank, SSB on or about September 4, 2018 in the original principal amount of \$11,500,000, as amended from time to time, and was paid off in full on December 3, 2020. A fourth loan for the development of Phase 4 and 5.1 was entered into with Pioneer Bank, SSB on or about November 24, 2020 in the original principal amount of \$13,500,000, as amended from time to time, and was paid off in full on July 29, 2022.

**HOMEBUILDERS WITHIN THE DISTRICT . . .** As of October 1, 2022, there are currently several homebuilders in the District, including David Weekley Homes, Taylor Morrison Homes, Ashton Woods and Newmark Homes. The homes generally range in price from \$600,000 to \$1,100,000.

**WILDLIFE WAIVER . . .** As of October 1, 2022, much of the undeveloped acreage within the Residential Tract is subject to a wildlife exemption which has been filed. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

## **THE SYSTEM**

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

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

**WATER SUPPLY AND DISTRIBUTION . . .** The District receives its treated water from the West Travis County Public Utility Agency ("WTCPUA"), as successor to the Lower Colorado River Authority ("LCRA"), through a "Wholesale Water Services Agreement" dated April 4, 2014 (the "Wholesale Supply Contract") originally entered into by LCRA and the City of Dripping Springs. By

agreement with the District dated effective March 31, 2016, the City assigned its interest in the Wholesale Water Services Agreement to the District. The Wholesale Supply Contract was amended on October 1, 2010 and September 19, 2019. Under the Wholesale Supply Contract, as amended, the WTCPUA is obligated to provide all treated water needed and requested by the District for service to lands within the District up to, but not in excess of, (i) a maximum daily flow rate of 1,612,800 gallons per day, or (ii) such lesser amount as to WTCPUA may be able to supply in the event of an emergency. The District's engineer estimates that this amount of water would be sufficient to serve 1,400 single family equivalent connections, which is the anticipated full buildout within the District.

**WASTEWATER COLLECTION AND TREATMENT . . .** Wastewater treatment for the District is provided by a 100,000 gallon per day (GPD) wastewater treatment plant with disposal via drip irrigation. Based upon a conservative design factor of 250 gallons per day per connection, the District's existing treatment capacity is sufficient to serve up to 400 single family equivalent connections. The District is also the permittee under Permit No. WQ0014587001 that authorizes the treatment and disposal of 325,000 gpd of wastewater effluent.

The Developers and the District have entered into that certain "Wastewater Expansion and Capacity Agreement" dated July 17, 2018 (the "Wastewater Agreement") to provide for funding and construction of the wastewater treatment and disposal facilities serving lands within the District. In general, the Wastewater Agreement provides for construction of the wastewater treatment and disposal facilities in phases as development progresses with the District, and each expansion corresponds to a phase authorized under Permit No. WQ0014587001. The Wastewater Agreement allocates capacity and service rights in each expansion according to the costs funded by each of the respective Developers. Generally, the Wastewater Agreement allocates 23.08% of the costs and capacity associated with each expansion to the Commercial Developer up to a maximum of 300 cumulative living unit equivalents for service to the Commercial Tract, and allocates the remaining 76.92% of costs and capacity to the Residential Developer for service to the Residential Tract. Each of the Developers may also elect to unilaterally proceed with funding and construction of an expansion if the other developer elects not to do so. The Wastewater Agreement also obligates the Developers to fund and construct an expansion of the treatment and disposal facilities when any expansion is required under the applicable rules of the Texas Commission on Environmental Quality. The Board of Directors of the District has elected for the District to finance and construct the Phase 3 expansion of the District's wastewater system with proceeds of the Bonds in lieu of Developer funding and construction under the Wastewater Agreement.

**STORM WATER DRAINAGE . . .** Storm water within the District generally drains through roadside swales with street and driveway culverts and ribbon curbs into various water quality ponds, eventually discharging into tributaries that drain into Little Barton Creek, which is a tributary of Barton Creek, which is a tributary of the Colorado River.

**100-YEAR FLOOD PLAIN AND STORM DRAINAGE INFORMATION . . .** "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to the Engineer, 84 of the 1,053 undevelopable acres within the District are located in the floodplain as shown in the Federal Emergency Management Agency Flood Insurance Rate Map. None of the floodplain acreage is intended for development.

#### **TABLE 1 – RATE AND FEE SCHEDULE**

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the monthly rates and fees for the District's water and sewer service which are currently in effect.

Monthly Base Charge – Water: \$35.00

#### Water Usage Charge

| <u>Gallons</u>          |    |       |                     |
|-------------------------|----|-------|---------------------|
| 0-2,000 Gallons         | \$ | 2.30  | (per 1,000 gallons) |
| 2,001-5,000 Gallons     | \$ | 3.85  | (per 1,000 gallons) |
| 5,001-10,000 Gallons    | \$ | 4.24  | (per 1,000 gallons) |
| 10,001-20,000 Gallons   | \$ | 4.88  | (per 1,000 gallons) |
| 20,001-25,000 Gallons   | \$ | 5.86  | (per 1,000 gallons) |
| 25,001-30,000 Gallons   | \$ | 7.03  | (per 1,000 gallons) |
| 30,001-40,000 Gallons   | \$ | 10.55 | (per 1,000 gallons) |
| 40,000-and over Gallons | \$ | 15.83 | (per 1,000 gallons) |

Monthly Charge(s) – Wastewater: \$ 35.00 Base Fee, plus \$2.90 per 1,000 Gallons

**TABLE 2 – OPERATING REVENUES AND EXPENSES STATEMENT – GENERAL FUND**

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

|  | Fiscal Year End December 31, |                   |                   |                   |                 |
|--|------------------------------|-------------------|-------------------|-------------------|-----------------|
|  | 2021                         | 2020              | 2019              | 2018              | 2017            |
| <b>Revenues:</b>                                     |                              |                   |                   |                   |                 |
| Property Tax   | \$ 788,495                   | \$ 321,239        | \$ 351,312        | \$ 304,466        | \$ 43,345       |
| Water Service  | 649,599                      | 530,224           | 303,771           | 104,361           | 45,002          |
| Wastewater Service                                   | 329,767                      | 194,956           | 96,836            | 48,858            | 25,513          |
| Tap and Connection Fees                              | 221,576                      | 346,847           | 288,948           | 134,369           | 91,630          |
| Interest   | 528                          | 407               | 1,023             | 939               | 42              |
| Total Revenues                                       | \$ 1,989,965                 | \$ 1,393,673      | \$ 1,041,890      | \$ 592,993        | \$ 205,532      |
| <b>Expenditures:</b>                                 |                              |                   |                   |                   |                 |
| Water Service Fees                                   | \$ 542,856                   | \$ 524,314        | \$ 273,577        | \$ 275,169        | \$ 308,354      |
| Wastewater Services                                  | 67,494                       | 119,207           | -                 | 753               | 33,723          |
| Repairs and Maintenance                              | -                            | -                 | 61,505            | 35,170            | 16,517          |
| Inspection Fees                                      | -                            | -                 | 31,917            | 33,044            | 5,673           |
| Utilities  | -                            | -                 | 15,061            | 14,323            | 7,727           |
| Laboratory Expenses                                  | -                            | -                 | 18,504            | 29,632            | 7,281           |
| Solid Waste Services                                 | 88,201                       | 47,900            | 47,786            | 4,270             | 615             |
| Landscaping  | 79,321                       | 50,313            | 73,551            | 66,816            | 51,340          |
| Insurance  | 12,066                       | 10,972            | 9,830             | 2,503             | 1,975           |
| Tax Assessor   | 8,616                        | 3,878             | 2,376             | 1,443             | 60              |
| Director Salaries and Taxes                          | 7,428                        | 8,074             | 4,521             | 5,167             | 6,459           |
| Legal Fees   | 35,835                       | 43,532            | 40,565            | 43,481            | 47,899          |
| Audit Fees   | 8,000                        | 8,000             | 8,000             | 8,000             | 8,000           |
| Financial Advisor Fees                               | 3,000                        | 3,000             | -                 | -                 | -               |
| Accounting   | 36,683                       | 36,169            | 37,950            | 37,000            | 20,185          |
| Management and Consulting                            | 129,740                      | 48,868            | 99,765            | 88,017            | 15,696          |
| Engineering Fees                                     | 49,768                       | 50,048            | 102,052           | 58,538            | 58,706          |
| Legal Notices  | 6,193                        | 2,729             | -                 | -                 | -               |
| Printing and Office Supplies                         | 14,438                       | 23,003            | 11,399            | 14,417            | 8,454           |
| Debt Service   | 193,941                      | 179,760           | 175,010           | 77,840            | -               |
| Total Expenditures                                   | \$ 1,283,580                 | \$ 1,159,767      | \$ 1,013,369      | \$ 795,583        | \$ 598,664      |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 706,385                   | \$ 233,906        | \$ 28,521         | \$ (202,590)      | \$ (393,132)    |
| Beginning Fund Balance                               | \$ 528,863                   | \$ 294,957        | \$ 146,380        | \$ 1,048          | \$ 40,024       |
| Developer Advances                                   | -                            | -                 | 120,056           | 347,922           | 354,156         |
| Ending Fund Balance                                  | <u>\$ 1,235,248</u>          | <u>\$ 528,863</u> | <u>\$ 294,957</u> | <u>\$ 146,380</u> | <u>\$ 1,048</u> |

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## DEBT SERVICE REQUIREMENTS

**TABLE 3 – PROJECTED DEBT SERVICE SCHEDULE**

| Fiscal<br>Year<br>Ended<br>12/31 | Existing Debt <sup>(a)</sup> |                     |                      | The Bonds           |                         |                     | Total<br>Debt Service<br>Requirements |
|----------------------------------|------------------------------|---------------------|----------------------|---------------------|-------------------------|---------------------|---------------------------------------|
|                                  | Principal                    | Interest            | Total                | Principal           | Interest <sup>(b)</sup> | Total               |                                       |
| 2022                             | \$ 365,000                   | \$ 671,528          | \$ 1,036,528         | \$ -                | \$ -                    | \$ -                | \$ 1,036,528                          |
| 2023                             | 385,000                      | 697,673             | 1,082,673            | -                   | 150,627                 | 150,627             | 1,233,299                             |
| 2024                             | 710,000                      | 684,583             | 1,394,583            | 50,000              | 260,700                 | 310,700             | 1,705,283                             |
| 2025                             | 735,000                      | 657,784             | 1,392,784            | 105,000             | 257,950                 | 362,950             | 1,755,734                             |
| 2026                             | 760,000                      | 629,719             | 1,389,719            | 110,000             | 252,175                 | 362,175             | 1,751,894                             |
| 2027                             | 795,000                      | 600,455             | 1,395,455            | 120,000             | 246,125                 | 366,125             | 1,761,580                             |
| 2028                             | 825,000                      | 576,948             | 1,401,948            | 125,000             | 239,525                 | 364,525             | 1,766,473                             |
| 2029                             | 855,000                      | 552,238             | 1,407,238            | 130,000             | 232,650                 | 362,650             | 1,769,888                             |
| 2030                             | 890,000                      | 529,963             | 1,419,963            | 140,000             | 225,500                 | 365,500             | 1,785,463                             |
| 2031                             | 920,000                      | 506,763             | 1,426,763            | 145,000             | 217,800                 | 362,800             | 1,789,563                             |
| 2032                             | 955,000                      | 482,175             | 1,437,175            | 155,000             | 209,825                 | 364,825             | 1,802,000                             |
| 2033                             | 995,000                      | 456,240             | 1,451,240            | 165,000             | 201,300                 | 366,300             | 1,817,540                             |
| 2034                             | 1,040,000                    | 428,790             | 1,468,790            | 170,000             | 192,225                 | 362,225             | 1,831,015                             |
| 2035                             | 1,075,000                    | 399,126             | 1,474,126            | 180,000             | 182,875                 | 362,875             | 1,837,001                             |
| 2036                             | 1,115,000                    | 368,358             | 1,483,358            | 190,000             | 172,975                 | 362,975             | 1,846,333                             |
| 2037                             | 1,165,000                    | 335,945             | 1,500,945            | 200,000             | 162,525                 | 362,525             | 1,863,470                             |
| 2038                             | 1,205,000                    | 301,570             | 1,506,570            | 215,000             | 151,525                 | 366,525             | 1,873,095                             |
| 2039                             | 1,260,000                    | 265,258             | 1,525,258            | 225,000             | 139,700                 | 364,700             | 1,889,958                             |
| 2040                             | 1,305,000                    | 226,620             | 1,531,620            | 240,000             | 127,325                 | 367,325             | 1,898,945                             |
| 2041                             | 1,355,000                    | 186,048             | 1,541,048            | 250,000             | 114,125                 | 364,125             | 1,905,173                             |
| 2042                             | 1,415,000                    | 143,446             | 1,558,446            | 265,000             | 100,375                 | 365,375             | 1,923,821                             |
| 2043                             | 1,255,000                    | 98,216              | 1,353,216            | 280,000             | 85,800                  | 365,800             | 1,719,016                             |
| 2044                             | 1,110,000                    | 59,719              | 1,169,719            | 295,000             | 70,400                  | 365,400             | 1,535,119                             |
| 2045                             | 570,000                      | 28,500              | 598,500              | 310,000             | 54,175                  | 364,175             | 962,675                               |
| 2046                             | 590,000                      | 14,500              | 604,500              | 330,000             | 37,125                  | 367,125             | 971,625                               |
| 2047                             | -                            | -                   | -                    | 345,000             | 18,975                  | 363,975             | 363,975                               |
|                                  | <u>\$ 23,650,000</u>         | <u>\$ 9,902,161</u> | <u>\$ 33,552,161</u> | <u>\$ 4,740,000</u> | <u>\$ 4,104,302</u>     | <u>\$ 8,844,302</u> | <u>\$ 42,396,463</u>                  |

(a) Excludes the District's \$4,230,000 Bond Anticipation Note, Series 2022, which will be repaid with this bond issue.

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

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**FINANCIAL STATEMENT**  
**(Unaudited)**

**TABLE 4 – ASSESSED VALUE**

|  |                    |
|--|--------------------|
| 2020 Certified Taxable Assessed Valuation .....  | \$ 125,070,233 (a) |
| 2021 Certified Taxable Assessed Valuation .....  | \$ 192,906,919 (a) |
| 2022 Certified Taxable Assessed Valuation .....  | \$ 336,731,315 (a) |
| Preliminary Taxable Assessed Valuation (as of October 1, 2022) .....                                   | \$ 410,899,000 (b) |
| Gross Direct Debt Outstanding .....  | \$ 28,390,000 (c)  |
| Ratio of Gross Direct Debt Outstanding to 2022 Certified Assessed Valuation .....                      | 8.43%              |
| Ratio of Gross Direct Debt Outstanding to Preliminary Assessed Valuation (as of October 1, 2022) ..... | 6.91%              |

- (a) Assessed valuation of the District as reported by the Hays Central Appraisal District (“HCAD”). See “TAXING PROCEDURES.”
- (b) The Estimated Taxable Assessed Valuation (as of October 1, 2022) as provided by HCAD, is included solely for purposes of illustration. No taxes will be levied on this valuation unless it is certified by HCAD.
- (c) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”

**TABLE 5 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

| Purpose                | Date Authorized | Amount Authorized     | Heretofore Issued    | Being Issued        | Unissued Balance      |
|------------------------|-----------------|-----------------------|----------------------|---------------------|-----------------------|
| Water, Sewer, Drainage | 11/6/2007       | \$ 64,700,000         | \$ 9,350,000         | \$ 4,740,000        | \$ 50,610,000         |
| Refunding              | 11/6/2007       | 97,050,000            | -                    | -                   | 97,050,000            |
| Road Improvements      | 11/3/2015       | 54,545,000            | 19,730,000           | -                   | 34,815,000            |
| Refunding              | 11/3/2015       | 81,817,500            | -                    | -                   | 81,817,500            |
| Total                  |                 | <u>\$ 298,112,500</u> | <u>\$ 29,080,000</u> | <u>\$ 4,740,000</u> | <u>\$ 264,292,500</u> |

**TABLE 6 – CASH AND INVESTMENT BALANCES<sup>(a)(b)</sup>**

|                            |              |
|----------------------------|--------------|
| Operating Fund .....       | \$ 1,545,113 |
| Debt Service Fund .....    | \$ 1,193,979 |
| Capital Project Fund ..... | \$ 5,459,467 |

- (a) Unaudited as of September 15, 2022.
- (b) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund. Preliminary, subject to change.

**INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . .** Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (9) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the

Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District’s name and deposited at the time the investment is made with the District or a first party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield. Under Texas law, the District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the District’s investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

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

**TABLE 7 – CURRENT INVESTMENTS**

As of September 15, 2022, the District is currently invested in a bank Money Market Fund and TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District’s audited financial statements.

| Investments           | Market Value        | % of<br>Total  |
|-----------------------|---------------------|----------------|
| TexPool               | \$ 8,127,427        | 99.13%         |
| Checking/Money Market | 71,132              | 0.87%          |
|                       | <u>\$ 8,198,559</u> | <u>100.00%</u> |

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

| Taxing Jurisdiction  | Total<br>Tax Supported<br>Debt | Estimated %<br>Applicable | District's<br>Overlapping<br>Tax Supported<br>Debt as of 9/30/2022 |
|--|--------------------------------|---------------------------|--|
| Hays County  | \$ 498,550,764                 | 0.62%                     | \$ 3,091,015   |
| Dripping Springs ISD   | 263,414,935                    | 2.37%                     | 6,242,934  |
| City of Dripping Springs <sup>(b)</sup>                                  | 44,710,000                     | 0.23%                     | -  |
| North Hays County ESD #1   | -                              | 0.72%                     | -  |
| Northwest Hays County ESD #5   | -                              | 1.17%                     | -  |
| Headwaters MUD of Hays County  | 28,390,000                     | 100.00%                   | <u>28,390,000</u> <sup>(a)</sup>                                   |
| Total Direct and Overlapping Tax Supported Debt                          |                                |                           | \$ 37,723,949  |
| Ratio of Direct and Overlapping Tax Supported Debt to 2022 Certified TAV |                                |                           | 11.20%   |

(a) Includes the Bonds.

(b) Note: The City of Dripping Springs does not overlap the residential acreage within the District.

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## TAX DATA

**TABLE 8 – TAX COLLECTIONS**

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

| Fiscal<br>Year<br>Ended<br>12/31 | Tax<br>Rate | General<br>Operating Fund | Debt<br>I&S Fund | Tax Levy   | % Total<br>Collections |
|----------------------------------|-------------|---------------------------|------------------|------------|------------------------|
| 2018                             | \$ 0.9000   | \$ 0.9000                 | \$ -             | \$ 203,883 | 100.00%                |
| 2019                             | 0.9000      | 0.6500                    | 0.2500           | 338,243    | 100.00%                |
| 2020                             | 0.9000      | 0.5000                    | 0.4000           | 537,737    | 100.00%                |
| 2021                             | 0.9000      | 0.4000                    | 0.5000           | 1,082,705  | 100.00%                |
| 2022                             | 0.9000      | 0.2750                    | 0.6250           | 1,733,633  | 99.14% <sup>(a)</sup>  |

(a) Collections through July 31, 2022

**TABLE 9 – DISTRICT TAX RATES**

|              | Tax Rates per \$100<br>Assessed Valuation |           |           |           |           |
|--------------|---|-----------|-----------|-----------|-----------|
|              | FY2022                                    | FY2021    | FY2020    | FY2019    | FY2018    |
| Debt Service | \$ 0.6250                                 | \$ 0.5000 | \$ 0.4000 | \$ 0.2500 | \$ -      |
| Maintenance  | 0.2750                                    | 0.4000    | 0.5000    | 0.6500    | 0.9000    |
| Total        | \$ 0.9000                                 | \$ 0.9000 | \$ 0.9000 | \$ 0.9000 | \$ 0.9000 |

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

**MAINTENANCE TAX** . . . The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District's facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District's voters. An election for such a tax was held on November 6, 2007 at which time a maintenance tax not to exceed \$1.00 per \$100 assessed valuation was approved by the District's voters. The District adopted a 2022 tax year maintenance tax of \$0.2750 and 2022 tax year debt service tax of \$0.6250 in September 2022.

**TABLE 10 – PRINCIPAL TAXPAYERS** . . . The following list of principal taxpayers was provided by the Hays Central Appraisal District based on the 2022 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

| Taxpayer                                   | Taxable<br>Assessed<br>Value | % of 2022<br>Taxable<br>Assessed Valuation |
|--|------------------------------|--|
| Regency Ridge at Headwaters Apartments LLC | \$ 28,313,674                | 8.41%                                      |
| WFC Headwaters Owner VII LP <sup>(a)</sup> | 9,700,680                    | 2.88%                                      |
| Weekley Homes LLC                          | 6,573,138                    | 1.95%                                      |
| Ashton Austin Residential LLC              | 5,386,387                    | 1.60%                                      |
| Newmark Homes Austin LLC                   | 3,684,250                    | 1.09%                                      |
| Taylor Morrison of Texas Inc.              | 3,087,750                    | 0.92%                                      |
| Oryx HW Office Inc.                        | 2,503,670                    | 0.74%                                      |
| Taylor Morrison of Texas Inc.              | 2,416,560                    | 0.72%                                      |
| 55 Resort at Dripping Springs LLC          | 1,403,080                    | 0.42%                                      |
| Purchasing Fund 2020-1 LLC                 | 1,204,171                    | 0.36%                                      |
|  | <u>\$ 64,273,360</u>         | <u>19.09%</u>                              |

(a) The Developer.



## TAXING PROCEDURES

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

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

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

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

**Residential Homestead . . .** The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt, then the Board may continue to levy and collect taxes against the exempted value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has never adopted a general homestead exemption.

**Tax Abatement . . .** Hays County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. As of October 17, 2017, the District has not executed any abatement agreements.

**Goods-in-Transit . . .** Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of “goods-in-transit.” “Goods-in-transit” is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provisions permit local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer

may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. In February, 2008, the Board conducted a public hearing on the question of whether to provide for taxation of goods-in-transit and adopted a Resolution Providing for Taxation of Goods-in-Transit, by which the District took official action to tax goods-in-transit.

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

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

The Property Tax Code requires the HCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the HCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the HCAD 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 HCAD chooses formally to include such values on its appraisal roll.

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

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

**LEVY AND COLLECTION OF TAXES . . .** The District is responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity. By August 15 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due December 31, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

**ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . .** During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 pursuant to SB 2 is described for each classification below.

### *Special Taxing Units*

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

### *Developed Districts*

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

### *Developing Districts*

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

### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2021 tax rate. For the 2020 tax year, the District's Board of Directors has determined that the District is a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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

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

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

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

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

## **LEGAL MATTERS**

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

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

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

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

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

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## TAX MATTERS

**OPINION . . .** On the date of initial delivery of the Bonds, McCall, Parkhurst and Horton L.L.P., Special Tax Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX C – Form of Special Tax Counsel Opinion.”

In rendering its opinion, Special Tax Counsel will rely upon (a) the opinion of McLean & Howard L.L.P., Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District’s federal tax certificate, and (c) covenants of the District relating to arbitrage and the application of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Special Tax Counsel’s opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

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

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

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

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

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

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

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

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

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

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . .** Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations

during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District expects to designate the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

### CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge from the MSRB via its Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The District will provide certain updated financial information and operating data to certain information to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in tables 1-3, 6, 8 and 9 and “APPENDIX A – Excerpts from the Annual Financial Report,” if audited such financial statements in APPENDIX A are then available. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within twelve months after any such fiscal year end, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in “APPENDIX A – Excerpts from the Annual Financial Report” or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

**NOTICE OF CERTAIN EVENTS . . .** The District will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

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 the 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 within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive

agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule which includes debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. Neither the Bonds or the Bond Order make any provision for debt service reserve or a trustee.

The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. As used in this section, the term “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined in Securities and Exchange Commission Rule 15c2-12 (the “Rule”)) has been provided to the MSRB consistent with the Rule. The District intends the words used in the above clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

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

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

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

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** The District became obligated in fiscal year 2017 and has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## **FINANCIAL ADVISOR**

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



## OFFICIAL STATEMENT

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

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

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

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

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Secretary, Board of Directors  
Headwaters Municipal Utility District of Hays County

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President, Board of Directors  
Headwaters Municipal Utility District of Hays County

## LOCATION MAP

## **PHOTOGRAPHS**

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

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

## **APPENDIX A**

### **EXCERPTS FROM THE ANNUAL FINANCIAL REPORT**

The information contained in this APPENDIX has been excerpted from the financial statements of Headwaters Municipal Utility District of Hays County for the fiscal year ended December 31, 2021, as prepared by the District's auditor West, Davis & Company, LLP.

**APPENDIX B**

**FORM OF BOND COUNSEL'S OPINION**

**APPENDIX C**

**FORM OF SPECIAL TAX COUNSEL'S OPINION**



MUNICIPAL ACCOUNTS  
& CONSULTING, L.P.

# Headwaters Municipal Utility District

Bookkeeper's Report

November 17, 2022

## Cash Flow Report - Checking Account

As of November 17, 2022

| Num                      | Name                                     | Memo                               | Amount      | Balance      |
|--------------------------|--|------------------------------------|-------------|--------------|
| BALANCE AS OF 10/21/2022 |  |                                    |             | \$51,505.63  |
| Receipts                 |  |                                    |             |              |
|                          | Interest Earned on Checking              |                                    | 10.52       |              |
|                          | Oryx Developement - Review Fee Deposit   |                                    | 5,372.00    |              |
|                          | Sweep from Lockbox                       |                                    | 186,908.84  |              |
| Total Receipts           |  |                                    |             | 192,291.36   |
| Disbursements            |  |                                    |             |              |
| 2147                     | Aqua-Tech Laboratories, Inc.             | VOID: Lab Fees                     | 0.00        |              |
| 2195                     | Harvey Zinn, Jr                          | VOID: Fees of Office 10/20/2022    | 0.00        |              |
| 2217                     | Aqua-Tech Laboratories, Inc.             | Reissue Check 2147 - Lab Fees      | (1,334.75)  |              |
| 2218                     | Brian Jacks                              | Fees of Office 11/17/2022          | (138.53)    |              |
| 2219                     | Drax Marlow                              | Fees of Office 11/17/2022          | (138.52)    |              |
| 2220                     | Harvey Zinn, Jr                          | Fees of Office 11/17/2022          | (138.53)    |              |
| 2221                     | Lisa Stephens                            | Fees of Office 11/17/2022          | (138.52)    |              |
| 2222                     | William Farrell                          | Fees of Office 11/17/2022          | (138.52)    |              |
| 2223                     | Allen Engineering Group, Inc             | WWTP Operations                    | (7,150.00)  |              |
| 2224                     | Aqua-Tech Laboratories, Inc.             | Lab Fees                           | (1,457.25)  |              |
| 2225                     | AUC Group                                | WWTP Lease Payment - December 2022 | (13,550.00) |              |
| 2226                     | Badger Meter Inc                         | Meter Subscription                 | (472.59)    |              |
| 2227                     | Brenntag Southwest Inc                   | Chemicals                          | (959.38)    |              |
| 2228                     | Crossroads Utility Services              | Management & Operations            | (16,405.74) |              |
| 2229                     | DSHS Central Lab MC2004                  | Lab Fees                           | (115.70)    |              |
| 2230                     | Headwaters MUD - Bookkeepers Account     | Transfer to Bookkeepers Account    | (19,854.10) |              |
| 2231                     | JNM Technologies, Inc.                   | Maintenance & Repair               | (129.85)    |              |
| 2232                     | Jones - Heroy & Associates, Inc.         | 0051-021 BI #3 Engineering Fees    | (51,031.33) |              |
| 2233                     | Malone Wheeler, Inc.                     | Engineering Fees                   | (4,017.50)  |              |
| 2234                     | Maxwebs Co                               | Website - Agenda Posting           | (50.00)     |              |
| 2235                     | Municipal Accounts & Consulting          | Bookkeeping Fees                   | (4,403.31)  |              |
| 2236                     | Specialized Public Finance Inc.          | Tax Rate Setting Advice            | (3,000.00)  |              |
| 2237                     | Sunscape Landscaping                     | Landscape Service October 2022     | (6,175.06)  |              |
| 2238                     | Wastewater Transport Services            | Sludge Removal                     | (1,403.26)  |              |
| 2239                     | West Travis County Public Utility Agency | Impact Fees                        | (30,695.00) |              |
| 2240                     | West Travis County Public Utility Agency | Wholesale Water Payment            | (61,867.97) |              |
| 2241                     | Ashton Austin.                           | Customer Deposit Refund            | (2,872.20)  |              |
| 2242                     | Brian Jones                              | Customer Deposit Refund            | (169.73)    |              |
| 2243                     | David Weekley Homes.                     | Customer Deposit Refund            | (619.47)    |              |
| 2244                     | Fernando Deoliveira Magalhaes            | Customer Deposit Refund            | (187.42)    |              |
| 2245                     | Sarah & Michael Pevehouse                | Customer Deposit Refund            | (71.55)     |              |
| Total Disbursements      |  |                                    |             | (228,685.78) |
| BALANCE AS OF 11/17/2022 |  |                                    |             | \$15,111.21  |



## Cash Flow Report - Bookkeepers Account

As of November 17, 2022

| Num                      | Name                                      | Memo           | Amount     | Balance     |
|--------------------------|---|----------------|------------|-------------|
| BALANCE AS OF 10/21/2022 |   |                |            | \$20,000.73 |
| Receipts                 |   |                |            |             |
|                          | Interest Earned on Checking               |                | 0.50       |             |
|                          | Transfer from Texpool                     |                | 500.00     |             |
|                          | Transfer to Bookkeepers Account           |                | 19,854.10  |             |
| Total Receipts           |   |                |            | 20,354.60   |
| Disbursements            |   |                |            |             |
| 10650                    | Texas Commission on Environmental Quality | Permit Renewal | (1,250.00) |             |
| 10651                    | WC of Texas LLC                           | Garbage        | (9,745.72) |             |
| ACH                      | LCRA                                      | Raw Water      | (6,491.10) |             |
| ACH                      | Pedernales Electric Cooperative           | Utilities      | (2,868.51) |             |
| Total Disbursements      |   |                |            | (20,355.33) |
| BALANCE AS OF 11/17/2022 |   |                |            | \$20,000.00 |

## Cash Flow Report - Lockbox Account

As of November 17, 2022

| Num                      | Name                | Memo                       | Amount       | Balance      |
|--------------------------|---------------------|----------------------------|--------------|--------------|
| BALANCE AS OF 10/21/2022 |                     |                            |              | \$2,424.80   |
| Receipts                 |                     |                            |              |              |
|                          | Accounts Receivable |                            | 188,803.49   |              |
|                          | Accounts Receivable |                            | 5,481.04     |              |
|                          | Accounts Receivable |                            | 145.74       |              |
|                          | Accounts Receivable |                            | 127.47       |              |
| Total Receipts           |                     |                            |              | 194,557.74   |
| Disbursements            |                     |                            |              |              |
| FEE                      | T-Tech              | T-Tech                     | (30.00)      |              |
| FEE                      | T-Tech              | T-Tech                     | (7.50)       |              |
| FEE                      | T-Tech              | T-Tech                     | (236.60)     |              |
| RTN                      | PNC Bank            | Customer Returned Item (4) | (1,554.98)   |              |
| TRF                      | First Citizens Bank | Sweep to Checking          | (186,908.84) |              |
| Total Disbursements      |                     |                            |              | (188,737.92) |
| BALANCE AS OF 11/17/2022 |                     |                            |              | \$8,244.62   |

## Cash Flow Report - Checking Account

As of November 17, 2022

| Num                      | Name                          | Memo                                       | Amount       | Balance      |
|--------------------------|-------------------------------|--|--------------|--------------|
| BALANCE AS OF 10/21/2022 |                               |  |              | \$1.00       |
| Receipts                 |                               |  |              |              |
|                          | Interest Earned on Checking   |  | 18.44        |              |
|                          | Transfer from SR2021A Utility |  | 716,161.06   |              |
|                          | Transfer from SR2021A Utility |  | 5,227.02     |              |
| Total Receipts           |                               |  |              | 721,406.52   |
| Disbursements            |                               |  |              |              |
| 2026                     | C.C. Carlton Ind., LTD.       | SR2021A - Drip Irrigation Fields Pay App 8 | (64,800.00)  |              |
| 2027                     | Keystone Construction         | SR2021A - WWTP Expansion Pay App 7         | (651,379.50) |              |
| Total Disbursements      |                               |  |              | (716,179.50) |
| BALANCE AS OF 11/17/2022 |                               |  |              | \$5,228.02   |

## Account Balances

As of November 17, 2022

| Financial Institution<br>(Acct Number)                 | Issue<br>Date | Maturity<br>Date | Interest<br>Rate | Account<br>Balance | Notes             |
|--|---------------|------------------|------------------|--------------------|-------------------|
| Fund: Operating  |               |                  |                  |                    |                   |
| Money Market Funds                                     |               |                  |                  |                    |                   |
| TEXPOOL (XXXX0005)                                     | 10/01/2018    |                  | 3.64 %           | 1,480,094.90       |                   |
| Checking Account(s)                                    |               |                  |                  |                    |                   |
| FIRST CITIZENS BANK-CKING (XXXX0821)                   |               |                  | 0.05 %           | 20,000.00          | Bookkeepers       |
| FIRST CITIZENS BANK-CKING (XXXX0848)                   |               |                  | 0.05 %           | 15,111.21          | Cash In Bank      |
| PNC (XXXX6888)   |               |                  | 0.00 %           | 8,244.62           | Lockbox           |
| Totals for Operating Fund:                             |               |                  |                  | \$1,523,450.73     |                   |
| Fund: Capital Projects                                 |               |                  |                  |                    |                   |
| Money Market Funds                                     |               |                  |                  |                    |                   |
| TEXPOOL (XXXX0006)                                     | 05/20/2020    |                  | 3.64 %           | 1,972.98           | Series 2020 Roads |
| TEXPOOL (XXXX0007)                                     | 07/21/2021    |                  | 3.64 %           | 130.28             | Series 2021 Roads |
| TEXPOOL (XXXX0010)                                     | 02/08/2022    |                  | 3.64 %           | 4,159,786.35       | Series 2022 BAN   |
| Checking Account(s)                                    |               |                  |                  |                    |                   |
| FIRST CITIZENS BANK-CKING (XXXX4174)                   |               |                  | 0.05 %           | 5,228.02           | Checking Account  |
| Totals for Capital Projects Fund:                      |               |                  |                  | \$4,167,117.63     |                   |
| Fund: Debt Service                                     |               |                  |                  |                    |                   |
| Money Market Funds                                     |               |                  |                  |                    |                   |
| TEXPOOL (XXXX0003)                                     | 11/15/2017    |                  | 3.64 %           | 1,157,996.75       | Roads             |
| TEXPOOL (XXXX0009)                                     | 12/16/2021    |                  | 3.64 %           | 41,348.60          | Utility           |
| Totals for Debt Service Fund:                          |               |                  |                  | \$1,199,345.35     |                   |
| Grand total for Headwaters Municipal Utility District: |               |                  |                  | \$6,889,913.71     |                   |

## Actual vs. Budget Comparison

October 2022

|                |                                  | October 2022 |         |              | January 2022 - October 2022 |           |              | Annual    |
|----------------|----------------------------------|--------------|---------|--------------|-----------------------------|-----------|--------------|-----------|
|                |                                  | Actual       | Budget  | Over/(Under) | Actual                      | Budget    | Over/(Under) | Budget    |
| Revenues       |                                  |              |         |              |                             |           |              |           |
| 14110          | Water - Customer Service Revenue | 22,230       | 58,305  | (36,075)     | 530,105                     | 426,537   | 103,568      | 515,000   |
| 14111          | Water Base Rate                  | 32,868       | 26,250  | 6,618        | 293,528                     | 262,500   | 31,028       | 315,000   |
| 14150          | Water Tap Fees                   | 2,850        | 10,313  | (7,463)      | 104,750                     | 103,125   | 1,625        | 123,750   |
| 14170          | Account Set Up Fees              | 150          | 563     | (413)        | 5,480                       | 5,625     | (145)        | 6,750     |
| 14180          | Transfer Fees                    | 382          | 563     | (181)        | 4,762                       | 5,625     | (863)        | 6,750     |
| 14190          | Park Fee                         | 3,750        | 14,063  | (10,313)     | 137,250                     | 140,625   | (3,375)      | 168,750   |
| 14210          | Sewer - Customer Service Fee     | 10,039       | 11,212  | (1,173)      | 80,377                      | 85,808    | (5,431)      | 105,000   |
| 14211          | Wastewater Base Rate             | 29,199       | 23,333  | 5,865        | 260,755                     | 233,333   | 27,421       | 280,000   |
| 14220          | Inspection Fees                  | 0            | 417     | (417)        | 4,600                       | 4,167     | 433          | 5,000     |
| 14260          | Wastewater Tap Fees              | 2,750        | 10,313  | (7,563)      | 100,550                     | 103,125   | (2,575)      | 123,750   |
| 14310          | Penalties & Interest             | 2,743        | 333     | 2,410        | 15,224                      | 3,333     | 11,891       | 4,000     |
| 14320          | Property Tax                     | 0            | 0       | 0            | 213,130                     | 311,309   | (98,179)     | 661,671   |
| 14321          | Property Tax - Rollback          | 0            | 0       | 0            | 8,514                       | 0         | 8,514        | 0         |
| 14325          | Property Tax Penalty             | 0            | 0       | 0            | 1,687                       | 1,000     | 687          | 1,000     |
| 14328          | Delinquent Tax Attorney Collect  | 0            | 83      | (83)         | 0                           | 833       | (833)        | 1,000     |
| 14330          | Miscellaneous Income             | 115          | 4       | 111          | 3,265                       | 42        | 3,223        | 50        |
| 14370          | Interest Earned on Temp. Invest  | 3,680        | 19      | 3,661        | 12,892                      | 83        | 12,809       | 100       |
| 14375          | Interest Earned on Checking      | 11           | 1       | 10           | 112                         | 50        | 62           | 50        |
| Total Revenues |                                  | 110,766      | 155,770 | (45,004)     | 1,776,980                   | 1,687,120 | 89,860       | 2,317,621 |
| Expenditures   |                                  |              |         |              |                             |           |              |           |
| 16105          | Management & Operations - CR     | 9,227        | 7,417   | 1,810        | 87,661                      | 74,167    | 13,495       | 89,000    |
| 16106          | Management & Operations - DA     | 5,500        | 6,667   | (1,167)      | 60,675                      | 66,667    | (5,992)      | 80,000    |
| 16125          | WTCPUA Volumetric Rate           | 18,238       | 20,052  | (1,814)      | 171,948                     | 160,563   | 11,385       | 177,000   |
| 16126          | WTCPUA Base Rate                 | 43,630       | 23,785  | 19,845       | 257,695                     | 237,850   | 19,845       | 285,420   |
| 16127          | LCRA Raw Water                   | 6,173        | 2,083   | 4,090        | 44,332                      | 20,833    | 23,498       | 25,000    |
| 16130          | Maintenance & Repairs            | 4,672        | 4,167   | 506          | 41,395                      | 41,667    | (271)        | 50,000    |
| 16135          | Reservation Fees                 | 0            | 0       | 0            | 21,837                      | 30,000    | (8,163)      | 30,000    |
| 16140          | Chemicals                        | 959          | 1,542   | (582)        | 14,800                      | 15,417    | (617)        | 18,500    |
| 16160          | Utilities                        | 2,869        | 2,292   | 577          | 26,396                      | 22,917    | 3,479        | 27,500    |
| 16210          | Inspection Expense               | 2,650        | 2,500   | 150          | 33,425                      | 25,000    | 8,425        | 30,000    |
| 16235          | Maintenance & Repairs - LS       | 2,063        | 6,250   | (4,187)      | 44,640                      | 62,500    | (17,860)     | 75,000    |
| 16250          | Lab Fees                         | 0            | 1,667   | (1,667)      | 13,303                      | 16,667    | (3,364)      | 20,000    |
| 16260          | WWTP Sludge Removal              | 1,368        | 2,167   | (799)        | 19,836                      | 21,667    | (1,831)      | 26,000    |
| 16312          | Meter Subscription Fees          | 473          | 417     | 56           | 4,302                       | 4,167     | 136          | 5,000     |
| 16315          | Meter Fees                       | 993          | 1,667   | (674)        | 47,391                      | 16,667    | 30,724       | 20,000    |
| 16320          | Tax Assessor/Appraisal           | 0            | 0       | 0            | 11,717                      | 8,000     | 3,717        | 8,000     |
| 16321          | Delinquent Tax Attorney Expense  | 0            | 83      | (83)         | 0                           | 833       | (833)        | 1,000     |
| 16330          | Legal Fees                       | 0            | 4,583   | (4,583)      | 39,375                      | 45,833    | (6,459)      | 55,000    |
| 16335          | Financial Advisor Fees           | 3,000        | 0       | 3,000        | 3,000                       | 0         | 3,000        | 0         |
| 16340          | Auditing Fees                    | 0            | 0       | 0            | 10,000                      | 10,000    | 0            | 10,000    |
| 16350          | Engineering Fees- MW             | 0            | 5,417   | (5,417)      | 44,020                      | 54,167    | (10,147)     | 65,000    |
| 16360          | Landscaping                      | 6,175        | 6,667   | (492)        | 72,599                      | 66,667    | 5,933        | 80,000    |
| 16380          | Permit Expense                   | 1,250        | 0       | 1,250        | 1,250                       | 0         | 1,250        | 5,000     |
| 16410          | Garbage Expense                  | 9,746        | 10,417  | (671)        | 92,681                      | 104,167   | (11,485)     | 125,000   |
| 16430          | Bookkeeping Fees                 | 4,247        | 3,583   | 663          | 33,556                      | 35,833    | (2,277)      | 43,000    |
| 16455          | SB622 Legal Notices & Other Pub  | 0            | 0       | 0            | 290                         | 0         | 290          | 6,500     |
| 16460          | Printing & Office Supplies       | 98           | 375     | (277)        | 3,282                       | 3,750     | (468)        | 4,500     |
| 16470          | Filing Fees                      | 0            | 50      | (50)         | 0                           | 500       | (500)        | 600       |
| 16480          | Delivery Expense                 | 39           | 208     | (170)        | 536                         | 2,083     | (1,548)      | 2,500     |
| 16490          | Bank Fees                        | 274          | 125     | 149          | 2,480                       | 1,250     | 1,230        | 1,500     |
| 16510          | WWTP Lease Payments - PH1        | 8,300        | 9,015   | (715)        | 88,250                      | 90,150    | (1,900)      | 108,180   |

## Actual vs. Budget Comparison

October 2022

|                                |                           | October 2022 |          |              | January 2022 - October 2022 |           |              | Annual    |
|--------------------------------|---------------------------|--------------|----------|--------------|-----------------------------|-----------|--------------|-----------|
|                                |                           | Actual       | Budget   | Over/(Under) | Actual                      | Budget    | Over/(Under) | Budget    |
| Expenditures                   |                           |              |          |              |                             |           |              |           |
| 16511                          | WWTP Lease Payments - PH2 | 5,250        | 5,250    | 0            | 47,250                      | 52,500    | (5,250)      | 63,000    |
| 16520                          | Postage                   | 33           | 42       | (9)          | 432                         | 417       | 15           | 500       |
| 16530                          | Insurance & Surety Bond   | 0            | 0        | 0            | 13,986                      | 12,500    | 1,486        | 12,500    |
| 16540                          | Travel Expense            | 38           | 208      | (170)        | 982                         | 2,083     | (1,102)      | 2,500     |
| 16560                          | Miscellaneous Expense     | 67           | 417      | (350)        | 5,981                       | 4,167     | 1,815        | 5,000     |
| 16600                          | Payroll Expenses          | 646          | 917      | (271)        | 7,105                       | 9,167     | (2,062)      | 11,000    |
| 17000                          | Capital Outlay            | 0            | 1,250    | (1,250)      | 0                           | 12,500    | (12,500)     | 15,000    |
| Total Expenditures             |                           | 137,977      | 131,277  | 6,700        | 1,368,406                   | 1,333,313 | 35,093       | 1,583,700 |
| Excess Revenues (Expenditures) |                           | (\$27,211)   | \$24,493 | (\$51,704)   | \$408,574                   | \$353,807 | \$54,766     | \$733,921 |

## Balance Sheet

As of October 31, 2022

Oct 31, 22

## ASSETS

## Current Assets

## Checking/Savings

\$\$\$ 7Lb 7b 6Ub

242,462

\$\$\$ 6cc YdYfg

12,260

\$\$\$ @cWVcl

8,245

## Total Checking/Savings

262,967

## Other Current Assets

\$\$\$ HJa Y8 YdcgJg

1,480,595

\$\$\$ 5Wti bJgFWj UY

145,972

\$\$\$ 8 i YZca 7D:

98,431

\$\$\$ 8 i Y: fca C h Yfg

(127)

## Total Other Current Assets

1,724,871

## Total Current Assets

1,987,838

## TOTAL ASSETS

1,987,838

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

\$\$\$ 5Wti bJgDUhtUY

195,105

## Total Accounts Payable

195,105

## Other Current Liabilities

\$\$\$ DUhtic @UJ jHYg

92

\$\$\$ 7i gca YfA YVf 8 YdcgJg

134,500

\$\$\$ 8 i YHc C h Yf 8 JgfVtg

548

\$\$\$ 8 i YHc H79E

5,846

\$\$\$ 7ca a YfVJU F Y JYk : YV!C fnh 8 Yj

5,000

\$\$\$ G\_nY &lt; YUXk UYfg! F Yj JYk : YY

5,000

\$\$\$ + : &lt; YUXk UYfg 5 dUfha Yohg! D\ &amp;

(2,075)

## Total Other Current Liabilities

148,910

## Total Current Liabilities

344,016

## Total Liabilities

344,016

## Equity

\$\$\$ 1 bUcWYX: i bX 6UUbW

1,235,248

## Net Income

408,574

## Total Equity

1,643,822

## TOTAL LIABILITIES &amp; EQUITY

1,987,838

Headwaters Municipal Utility District  
District Debt Service Payments

10/01/2022 - 09/30/2023

| Paying Agent                        | Series       | Date Due   | Date Paid | Principal    | Interest     | Total Due      |
|-------------------------------------|--------------|------------|-----------|--------------|--------------|----------------|
| Debt Service Payment Due 02/15/2023 |              |            |           |              |              |                |
| Bank of Texas                       | 2017 - Road  | 02/15/2023 |           | 0.00         | 52,712.50    | 52,712.50      |
| Bank of Texas                       | 2018 - Road  | 02/15/2023 |           | 0.00         | 54,791.25    | 54,791.25      |
| Bank of Texas                       | 2020 - Road  | 02/15/2023 |           | 0.00         | 70,598.13    | 70,598.13      |
| Bank of Texas                       | 2020A - Road | 02/15/2023 |           | 0.00         | 49,659.38    | 49,659.38      |
| Bank of Texas                       | 2021 - Road  | 02/15/2023 |           | 0.00         | 68,400.00    | 68,400.00      |
| Bank of Texas                       | 2021 - WS&D  | 02/15/2023 |           | 0.00         | 52,675.00    | 52,675.00      |
| Total Due 02/15/2023                |              |            |           | 0.00         | 348,836.26   | 348,836.26     |
| Debt Service Payment Due 08/15/2023 |              |            |           |              |              |                |
| Bank of Texas                       | 2017 - Road  | 08/15/2023 |           | 85,000.00    | 52,712.50    | 137,712.50     |
| Bank of Texas                       | 2018 - Road  | 08/15/2023 |           | 75,000.00    | 54,791.25    | 129,791.25     |
| Bank of Texas                       | 2020 - Road  | 08/15/2023 |           | 115,000.00   | 70,598.13    | 185,598.13     |
| Bank of Texas                       | 2020A - Road | 08/15/2023 |           | 110,000.00   | 49,659.38    | 159,659.38     |
| Bank of Texas                       | 2021 - Road  | 08/15/2023 |           | 0.00         | 68,400.00    | 68,400.00      |
| Bank of Texas                       | 2021 - WS&D  | 08/15/2023 |           | 0.00         | 52,675.00    | 52,675.00      |
| Total Due 08/15/2023                |              |            |           | 385,000.00   | 348,836.26   | 733,836.26     |
| District Total                      |              |            |           | \$385,000.00 | \$697,672.52 | \$1,082,672.52 |



## Headwaters MUD - GOF Park Fees

| Type                            | Date       | Num   | Memo                      | Amount            |
|---------------------------------|------------|-------|---------------------------|-------------------|
| <b>14400 - Revenues - Parks</b> |            |       |                           |                   |
| <b>14190 - Park Fee</b>         |            |       |                           |                   |
| General Journal                 | 06/30/2017 | RECAP | Billing Recap - Park F... | 31,500.00         |
| General Journal                 | 07/31/2017 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 08/31/2017 | RECAP | Billing Recap - Park F... | 7,500.00          |
| General Journal                 | 09/30/2017 | RECAP | Billing Recap - Park F... | 1,500.00          |
| General Journal                 | 10/31/2017 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 11/30/2017 | RECAP | Billing Recap - Park F... | 6,750.00          |
| General Journal                 | 12/31/2017 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 01/31/2018 | RECAP | Billing Recap - Park F... | 2,250.00          |
| General Journal                 | 02/28/2018 | RECAP | Billing Recap - Park F... | 10,500.00         |
| General Journal                 | 03/31/2018 | RECAP | Billing Recap - Park F... | 3,000.00          |
| General Journal                 | 04/30/2018 | RECAP | Billing Recap - Park F... | 5,250.00          |
| General Journal                 | 05/31/2018 | RECAP | Billing Recap - Park F... | 3,000.00          |
| General Journal                 | 06/30/2018 | RECAP | Billing Recap - Park F... | 5,250.00          |
| General Journal                 | 07/31/2018 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 08/31/2018 | RECAP | Billing Recap - Park F... | 5,250.00          |
| General Journal                 | 09/30/2018 | RECAP | Billing Recap - Park F... | 1,500.00          |
| General Journal                 | 10/31/2018 | RECAP | Billing Recap - Park F... | 4,500.00          |
| General Journal                 | 11/30/2018 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 12/31/2018 | RECAP | Billing Recap - Park F... | 6,000.00          |
| General Journal                 | 01/31/2019 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 02/28/2019 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 03/31/2019 | RECAP | Billing Recap - Park F... | 11,250.00         |
| General Journal                 | 04/30/2019 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 05/31/2019 | RECAP | Billing Recap - Park F... | 1,500.00          |
| General Journal                 | 06/30/2019 | RECAP | Billing Recap - Park F... | 1,500.00          |
| General Journal                 | 07/31/2019 | RECAP | Billing Recap - Park F... | 141,000.00        |
| General Journal                 | 08/31/2019 | RECAP | Billing Recap - Park F... | 2,250.00          |
| General Journal                 | 09/30/2019 | RECAP | Billing Recap - Park F... | 12,750.00         |
| General Journal                 | 09/30/2019 | RECAP | Billing Recap - Park F... | -270.00           |
| General Journal                 | 10/31/2019 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 11/30/2019 | RECAP | Billing Recap - Park F... | 2,250.00          |
| General Journal                 | 12/31/2019 | RECAP | Billing Recap - Park F... | 5,250.00          |
| General Journal                 | 01/31/2020 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 02/29/2020 | RECAP | Billing Recap - Park F... | 14,250.00         |
| General Journal                 | 03/31/2020 | RECAP | Billing Recap - Park F... | 3,000.00          |
| General Journal                 | 04/30/2020 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 05/31/2020 | RECAP | Billing Recap - Park F... | 20,250.00         |
| General Journal                 | 06/30/2020 | RECAP | Billing Recap - Park F... | 15,750.00         |
| General Journal                 | 07/31/2020 | RECAP | Billing Recap - Park F... | 6,000.00          |
| General Journal                 | 08/31/2020 | RECAP | Billing Recap - Park F... | 18,000.00         |
| General Journal                 | 09/30/2020 | RECAP | Billing Recap - Park F... | 15,750.00         |
| General Journal                 | 10/31/2020 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 11/30/2020 | RECAP | Billing Recap - Park F... | 28,500.00         |
| General Journal                 | 12/31/2020 | RECAP | Billing Recap - Park F... | 9,750.00          |
| General Journal                 | 01/31/2021 | RECAP | Billing Recap - Park F... | 6,750.00          |
| General Journal                 | 02/28/2021 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 03/31/2021 | RECAP | Billing Recap - Park F... | 21,000.00         |
| General Journal                 | 04/30/2021 | RECAP | Billing Recap - Park F... | 9,000.00          |
| General Journal                 | 05/31/2021 | RECAP | Billing Recap - Park F... | 6,750.00          |
| General Journal                 | 06/30/2021 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 07/31/2021 | RECAP | Billing Recap - Park F... | 2,250.00          |
| General Journal                 | 08/31/2021 | RECAP | Billing Recap - Park F... | 7,500.00          |
| General Journal                 | 09/30/2021 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 10/31/2021 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 11/30/2021 | RECAP | Billing Recap - Park F... | 25,500.00         |
| General Journal                 | 12/31/2021 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 01/31/2022 | RECAP | Billing Recap - Park F... | 38,250.00         |
| General Journal                 | 02/28/2022 | RECAP | Billing Recap - Park F... | 26,250.00         |
| General Journal                 | 03/31/2022 | RECAP | Billing Recap - Park F... | 21,000.00         |
| General Journal                 | 04/30/2022 | RECAP | Billing Recap - Park F... | 0.00              |
| General Journal                 | 05/31/2022 | RECAP | Billing Recap - Park F... | 17,250.00         |
| General Journal                 | 06/30/2022 | RECAP | Billing Recap - Park F... | 13,500.00         |
| General Journal                 | 07/31/2022 | RECAP | Billing Recap - Park F... | 14,250.00         |
| General Journal                 | 08/31/2022 | RECAP | Billing Recap - Park F... | 750.00            |
| General Journal                 | 09/30/2022 | RECAP | Billing Recap - Park F... | 2,250.00          |
| General Journal                 | 10/31/2022 | RECAP | Billing Recap - Park F... | 3,750.00          |
| Total 14190 - Park Fee          |            |       |                           | 622,230.00        |
| Total 14400 - Revenues - Parks  |            |       |                           | 622,230.00        |
| <b>TOTAL</b>                    |            |       |                           | <b>622,230.00</b> |

**HEADWATERS MUD**  
**TAX ANALYSIS FISCAL YEAR END 12/31/22**

| TAX YEARS<br>:----- 2021 -----: |             |             |               |                           |                |                  |           |
|---------------------------------|-------------|-------------|---------------|---------------------------|----------------|------------------|-----------|
| PERCENTAGE                      | DSF<br>61%  | M&O<br>39%  | TOTAL<br>2021 | TOTAL<br>DSF              | TOTAL<br>MAINT | TOTAL            | ROLLBACK  |
| PRIOR YEAR                      |             |             | 1,733,633.17  |                           |                | 0.00             |           |
| TAX LEVY 2021                   | 335,019.82  | 213,194.43  | 548,214.25    | 335,019.82                | 213,194.43     | 548,214.25       |           |
| COLLECTIONS:                    |             |             |               |                           |                |                  |           |
| JAN 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 105,496.70  | 67,134.26   | 172,630.96    | 105,496.70                | 67,134.26      | 172,630.96       | 19,156.86 |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 105,496.70                | 67,134.26      | 172,630.96       | 19,156.86 |
| FEB 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 205,421.09  | 130,722.51  | 336,143.60    | 205,421.09                | 130,722.51     | 336,143.60       | 0.00      |
| PENALTY                         | 587.13      | 373.63      | 960.76        | 587.13                    | 373.63         | 960.76           | 0.00      |
|                                 |             |             |               | 206,008.22                | 131,096.14     | 337,104.36       | 0.00      |
| MARCH 2022                      |             |             |               |                           |                |                  |           |
| TAXES                           | 16,847.03   | 10,720.84   | 27,567.87     | 16,847.03                 | 10,720.84      | 27,567.87        | 0.03      |
| PENALTY                         | 1,262.90    | 803.66      | 2,066.56      | 1,262.90                  | 803.66         | 2,066.56         | 0.00      |
|                                 |             |             |               | 18,109.93                 | 11,524.50      | 29,634.43        | 0.03      |
| APRIL 2022                      |             |             |               |                           |                |                  |           |
| TAXES                           | 2,542.70    | 1,618.08    | 4,160.78      | 2,542.70                  | 1,618.08       | 4,160.78         | 0.00      |
| PENALTY                         | 271.38      | 172.70      | 444.08        | 271.38                    | 172.70         | 444.08           | 0.00      |
|                                 |             |             |               | 2,814.08                  | 1,790.78       | 4,604.86         | 0.00      |
| MAY 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 0.00                      | 0.00           | 0.00             | 0.00      |
| JUNE 2022                       |             |             |               |                           |                |                  |           |
| TAXES                           | 3,601.51    | 2,291.87    | 5,893.38      | 3,601.51                  | 2,291.87       | 5,893.38         | 0.00      |
| PENALTY                         | 452.76      | 288.12      | 740.88        | 452.76                    | 288.12         | 740.88           | 0.00      |
|                                 |             |             |               | 4,054.27                  | 2,579.99       | 6,634.26         | 0.00      |
| JULY 2022                       |             |             |               |                           |                |                  |           |
| TAXES                           | 994.61      | 632.93      | 1,627.54      | 994.61                    | 632.93         | 1,627.54         | 0.00      |
| PENALTY                         | 74.07       | 47.13       | 121.20        | 74.07                     | 47.13          | 121.20           | 0.00      |
|                                 |             |             |               | 1,068.68                  | 680.06         | 1,748.74         | 0.00      |
| AUG 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 14.80       | 9.42        | 24.22         | 14.80                     | 9.42           | 24.22            | 0.00      |
| PENALTY                         | 2.82        | 1.79        | 4.61          | 2.82                      | 1.79           | 4.61             | 0.00      |
|                                 |             |             |               | 17.62                     | 11.21          | 28.83            | 0.00      |
| SEPT 2022                       |             |             |               |                           |                |                  |           |
| TAXES                           | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 0.00                      | 0.00           | 0.00             | 0.00      |
| OCT 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 0.00                      | 0.00           | 0.00             | 0.00      |
| NOV 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 0.00                      | 0.00           | 0.00             | 0.00      |
| DEC 2022                        |             |             |               |                           |                |                  |           |
| TAXES                           | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
| PENALTY                         | 0.00        | 0.00        | 0.00          | 0.00                      | 0.00           | 0.00             | 0.00      |
|                                 |             |             |               | 0.00                      | 0.00           | 0.00             | 0.00      |
| TOTALS                          | 337,569.50  | 214,816.94  | 552,386.44    | 337,569.50                | 214,816.94     | 552,386.44       | 19,156.86 |
| TAXES                           | 334,918.44  | 213,129.91  | 548,048.35    | 334,918.44                | 213,129.91     | 548,048.35       | 19,156.89 |
| ROLLBACK                        |             |             |               | 10,642.72                 | 8,514.17       | 19,156.89        |           |
| PENALTY                         | 2,651.06    | 1,687.03    | 4,338.09      | 2,651.06                  | 1,687.03       | 4,338.09         | 0.00      |
| TOTALS                          | 337,569.50  | 214,816.94  | 552,386.44    | 348,212.22                | 223,331.11     | 571,543.33       | 19,156.89 |
| ROLLBACK                        | 0.00        | 0.00        | 0.00          | -                         | -              | 0.00             |           |
| ADJUSTMENTS                     | (101.38)    | (64.52)     | (165.90)      | (101.38)                  | (64.52)        | (165.90)         |           |
| <b>TAX</b>                      |             |             |               |                           |                | <b>TOTAL TAX</b> |           |
| <b>DUE @</b>                    |             |             | <b>100%</b>   |                           |                | <b>DUE</b>       |           |
| <b>9/30/2022</b>                | <b>0.00</b> | <b>0.00</b> | <b>0.00</b>   | 0.00                      | 0.00           | <b>0.00</b>      |           |
| TAX RATES                       | 0.5500      | 0.3500      | 0.9000        | TAX YEAR 2021 COLLECTIONS |                | \$ 1,737,505.62  |           |

# Capital Projects Fund Breakdown

Headwaters MUD

As of Date 11/17/2022

## Net Proceeds for All Bond Issues

### Receipts

|   |                |
|---|----------------|
| Bond Proceeds - Series 2020 Roads           | \$4,500,000.00 |
| Interest Earnings - Series 2020 Roads       | 119.19         |
| Bond Proceeds - Series 2021 Roads           | 5,805,000.00   |
| Interest Earnings - Series 2021 Roads       | 254.60         |
| Bond Proceeds - Series 2021A Utility        | 4,140,000.00   |
| Interest Earnings - Series 2021A Utility    | 19,097.89      |
| Bond Proceeds - Series 2022 Utility BAN     | 4,230,000.00   |
| Interest Earnings - Series 2022 Utility BAN | 38,681.47      |

### Disbursements

|   |                |
|---|----------------|
| Disbursements - Series 2020 Roads       | (4,498,146.21) |
| Disbursements - Series 2021 Roads       | (5,805,124.32) |
| Disbursements - Series 2021A Utility    | (4,159,097.89) |
| Disbursements - Series 2022 Utility BAN | (103,667.10)   |

|                           |                       |
|---------------------------|-----------------------|
| <b>Total Cash Balance</b> | <b>\$4,167,117.63</b> |
|---------------------------|-----------------------|

## Balances by Account

|                                      |              |
|--------------------------------------|--------------|
| First Citizens - Checking            | \$5,228.02   |
| Texpool - Series 2020 Road Bonds     | 1,972.98     |
| Texpool - Series 2021 Road Bonds     | 130.28       |
| Texpool - Series 2021A Utility Bonds | (0.00)       |
| Texpool - Series 2022 Utility BAN    | 4,159,786.35 |

|                           |                       |
|---------------------------|-----------------------|
| <b>Total Cash Balance</b> | <b>\$4,167,117.63</b> |
|---------------------------|-----------------------|

## Balances by Bond Series

|   |              |
|---|--------------|
| Bond Proceeds - Series 2020 Roads       | \$1,972.98   |
| Bond Proceeds - Series 2021 Roads       | 130.28       |
| Bond Proceeds - Series 2021A Utility    | 0.00         |
| Bond Proceeds - Series 2022 Utility BAN | 4,165,014.37 |

|                           |                       |
|---------------------------|-----------------------|
| <b>Total Cash Balance</b> | <b>\$4,167,117.63</b> |
|---------------------------|-----------------------|

## Remaining Costs/Surplus By Bond Series

|   |              |
|---|--------------|
| Remaining Costs - Series 2020 Roads       | \$0.00       |
| Remaining Costs - Series 2021 Roads       | 0.00         |
| Remaining Costs - Series 2021A Utility    | 0.00         |
| Remaining Costs - Series 2022 Utility BAN | 3,554,874.41 |

|  |                       |
|--|-----------------------|
| <b>Total Amount in Remaining Costs</b> | <b>\$3,554,874.41</b> |
|--|-----------------------|

|  |            |
|--|------------|
| Surplus & Interest - Series 2020 Roads       | \$1,972.98 |
| Surplus & Interest - Series 2021 Roads       | 130.28     |
| Surplus & Interest - Series 2021A Utility    | 0.00       |
| Surplus & Interest - Series 2022 Utility BAN | 610,139.96 |

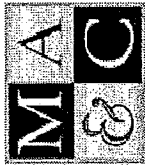
|   |                     |
|---|---------------------|
| <b>Total Surplus &amp; Interest Balance</b> | <b>\$612,243.22</b> |
|---|---------------------|

|                                      |                       |
|--------------------------------------|-----------------------|
| <b>Total Remaining Costs/Surplus</b> | <b>\$4,167,117.63</b> |
|--------------------------------------|-----------------------|

# Cost Comparison - \$4,230,000- Series 2022BAN

Headwaters MUD

|   | USE OF<br>PROCEEDS    | ACTUAL<br>BOND COSTS | ACTUAL<br>BAN COSTS | REMAINING<br>COSTS    | VARIANCE<br>(OVER)/UNDER |
|---|-----------------------|----------------------|---------------------|-----------------------|--------------------------|
| <b>CONSTRUCTION COSTS</b>                                 |                       |                      |                     |                       |                          |
| <b>District Items</b>                                     |                       |                      |                     |                       |                          |
| Phase 3 Wastewater Treatment Plant Expansion              | \$ 2,847,680.00       | \$0.00               | \$0.00              | \$ 2,766,059.41       | \$81,620.59              |
| Phase 3 Waterwater Treatment Plant Drip Irrigation Fields | 721,160.00            | 0.00                 | 0.00                | 243,496.00            | 477,664.00               |
| Contingency   | 366,877.00            | 0.00                 | 0.00                | 366,877.00            | 0.00                     |
| Engineering   | 178,442.00            | 0.00                 | -                   | 178,442.00            | 0.00                     |
| <b>Subtotal District Items</b>                            | <b>\$4,114,159.00</b> | <b>\$0.00</b>        | <b>\$0.00</b>       | <b>\$3,554,874.41</b> | <b>\$559,284.59</b>      |
| <b>TOTAL CONSTRUCTION COSTS</b>                           | <b>\$4,114,159.00</b> | <b>\$0.00</b>        | <b>\$0.00</b>       | <b>\$3,554,874.41</b> | <b>\$559,284.59</b>      |
| <b>NON-CONSTRUCTION COSTS</b>                             |                       |                      |                     |                       |                          |
| Legal Fees  | \$25,000.00           | \$0.00               | \$25,000.00         | \$0.00                | \$0.00                   |
| Fiscal Agent Fees   | 63,450.00             | 0.00                 | 63,450.00           | 0.00                  | 0.00                     |
| Capitalized Interest                                      | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Developer Interest  | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Bond Discount   | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Bond Issuance Expenses                                    | 27,391.00             | 0.00                 | 20,445.12           | 0.00                  | 6,945.88                 |
| Attorney General Fee                                      | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| TCEQ Bond Issuance Fee                                    | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Bond Application Report Cost                              | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Contingency   | 0.00                  | 0.00                 | 0.00                | 0.00                  | 0.00                     |
| Surplus Funds Projects (if applicable)                    | 0.00                  | 0.00                 | (5,228.02)          | 0.00                  | 5,228.02                 |
| <b>TOTAL NON-CONSTRUCTION COSTS</b>                       | <b>\$115,841.00</b>   | <b>\$0.00</b>        | <b>\$103,667.10</b> | <b>\$0.00</b>         | <b>\$12,173.90</b>       |
| <b>TOTAL BOND ISSUE REQUIREMENT</b>                       | <b>\$4,230,000.00</b> | <b>\$0.00</b>        | <b>\$103,667.10</b> | <b>\$3,554,874.41</b> | <b>\$571,458.49</b>      |
| Interest Earned   |                       |                      |                     |                       | \$38,681.47              |
| Total Surplus & Interest                                  |                       |                      |                     |                       | \$610,139.96             |
| Total Remaining Funds                                     |                       |                      |                     |                       | <b>\$4,165,014.37</b>    |



MUNICIPAL ACCOUNTS  
& CONSULTING, L.P.

# Headwaters Municipal Utility District Quarterly Investment Inventory Report Period Ending September 30, 2022

BOARD OF DIRECTORS  
Headwaters Municipal  
Utility District

Attached is the Quarterly Investment Inventory Report for the  
Period ending September 30, 2022.

This report and the District's investment portfolio are in compliance with the  
investment strategies expressed in the District's investment policy, and the  
Public Funds Investment Act.

I, hereby certify that, pursuant to Senate Bill 253 and in connection with the  
preparation of the investment report, I have reviewed the investment lists  
prepared and maintained by the Texas Comptroller of Public Accounts, and the  
District does not own direct or indirect holdings in any companies identified on such lists.

Mark M. Burton  
(Investment Officer)

Ghia Lewis  
(Investment Officer)

## COMPLIANCE TRAINING

HB 675 states the Investment Officer must attend at least one training seminar for (6) six hours  
Within twelve months of taking office and requires at least (4) four hours training within each (2)  
two year period thereafter.

## INVESTMENT OFFICERS

Mark M. Burton

Ghia Lewis

## CURRENT TRAINING

November 5, 2013 (Texpool Academy 10 Hours)

November 27, 2015 (Texpool Academy 10 Hours)

December 26, 2017 (Texpool Academy 10 Hours)

January 9, 2020 (Texpool Academy 12 Hours)

December 31, 2021 (Texpool Academy 10 Hours)

November 7, 2013 (Texpool Academy 10 Hours)

November 5, 2015 (Texpool Academy 10 Hours)

November 6, 2017 (Texpool Academy 10 Hours)

November 5, 2019 (Texpool Academy 10 Hours)

December 28, 2021 (Texpool Academy 10 Hours)

Headwaters Municipal Utility District  
Summary of Money Market Funds  
07/01/2022 - 09/30/2022

| Fund: Operating          |  | Financial Institution: TEXPOOL |  | Date Opened: 10/01/2018 |  | Current Interest Rate: 2.96% |  | Description            |  | Begin Balance |  | Cash Added |  | Cash Withdrawn |  | Int. Earned |  | End Balance |  |
|--------------------------|--|--------------------------------|--|-------------------------|--|------------------------------|--|------------------------|--|---------------|--|------------|--|----------------|--|-------------|--|-------------|--|
| Account Number: XXXX0005 |  | Date                           |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  | 07/01/2022                     |  |                         |  |                              |  |                        |  | 1,090,831.46  |  |            |  |                |  |             |  |             |  |
|                          |  | 07/21/2022                     |  |                         |  |                              |  | Tax Transfer           |  |               |  | 2,579.99   |  |                |  |             |  |             |  |
|                          |  | 07/21/2022                     |  |                         |  |                              |  | Transfer From Checking |  |               |  | 375,585.00 |  |                |  | 1,603.58    |  |             |  |
|                          |  | 07/31/2022                     |  |                         |  |                              |  |                        |  |               |  |            |  |                |  | 2,701.26    |  |             |  |
|                          |  | 08/31/2022                     |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  | 09/15/2022                     |  |                         |  |                              |  | Tax Transfer           |  |               |  | 680.06     |  |                |  |             |  |             |  |
|                          |  | 09/30/2022                     |  |                         |  |                              |  |                        |  |               |  |            |  |                |  | 2,922.58    |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |
|                          |  |                                |  |                         |  |                              |  |                        |  |               |  |            |  |                |  |             |  |             |  |

Headwaters Municipal Utility District  
Summary of Money Market Funds  
07/01/2022 - 09/30/2022

| Fund: Capital Projects  |                                   |                |            |                  |             |                |
|---|-----------------------------------|----------------|------------|------------------|-------------|----------------|
| Financial Institution: TEXPOOL  |                                   |                |            |                  |             |                |
| Account Number: XXXX0006      Date Opened: 05/20/2020      Current Interest Rate: 2.96% |                                   |                |            |                  |             |                |
| Date  | Description                       | Begin Balance  | Cash Added | Cash Withdrawn   | Int. Earned | End Balance    |
| 07/01/2022  |                                   | 1,938.04       |            |                  |             |                |
| 07/31/2022  |                                   |                |            |                  | 2.51        |                |
| 08/31/2022  |                                   |                |            |                  | 3.64        |                |
| 09/30/2022  |                                   |                |            |                  | 3.86        |                |
|   | Totals for Account XXXX0006:      | \$1,938.04     |            |                  | \$10.01     | \$1,968.05     |
| Account Number: XXXX0007      Date Opened: 07/21/2021      Current Interest Rate: 2.96% |                                   |                |            |                  |             |                |
| Date  | Description                       | Begin Balance  | Cash Added | Cash Withdrawn   | Int. Earned | End Balance    |
| 07/01/2022  |                                   | 129.16         |            |                  |             |                |
| 07/31/2022  |                                   |                |            |                  | 0.20        |                |
| 08/31/2022  |                                   |                |            |                  | 0.31        |                |
| 09/30/2022  |                                   |                |            |                  | 0.30        |                |
|   | Totals for Account XXXX0007:      | \$129.16       |            |                  | \$0.81      | \$129.97       |
| Account Number: XXXX0008      Date Opened: 12/07/2021      Current Interest Rate: 2.96% |                                   |                |            |                  |             |                |
| Date  | Description                       | Begin Balance  | Cash Added | Cash Withdrawn   | Int. Earned | End Balance    |
| 07/01/2022  |                                   | 2,964,251.16   |            |                  |             |                |
| 07/21/2022  | Transfer To CPF Checking          |                |            | (505,890.00)     | 3,445.34    |                |
| 07/31/2022  |                                   |                |            |                  |             |                |
| 08/18/2022  | Transfer To CPF Checking          |                |            | (498,417.99)     | 4,071.90    |                |
| 08/31/2022  |                                   |                |            |                  |             |                |
| 09/15/2022  | Transfer To CPF Checking          |                |            | (651,323.85)     | 2,927.59    |                |
| 09/30/2022  |                                   |                |            |                  |             |                |
|   | Totals for Account XXXX0008:      | \$2,964,251.16 |            | (\$1,655,631.84) | \$10,444.83 | \$1,319,064.15 |
| Account Number: XXXX0010      Date Opened: 02/08/2022      Current Interest Rate: 2.96% |                                   |                |            |                  |             |                |
| Date  | Description                       | Begin Balance  | Cash Added | Cash Withdrawn   | Int. Earned | End Balance    |
| 07/01/2022  |                                   | 4,128,311.48   |            |                  |             |                |
| 07/31/2022  |                                   |                |            |                  | 5,331.52    |                |
| 08/31/2022  |                                   |                |            |                  | 7,592.84    |                |
| 09/30/2022  |                                   |                |            |                  | 8,212.03    |                |
|   | Totals for Account XXXX0010:      | \$4,128,311.48 |            |                  | \$21,136.39 | \$4,149,447.87 |
|   | Totals for Capital Projects Fund: | \$7,094,649.84 |            | (\$1,655,631.84) | \$31,592.04 | \$5,470,610.04 |

Methods Used For Reporting Market Values

Securities of Deposits:      Fair Value Plus Accrued Interest  
 Securities/Direct Government Obligations:      Market Value Quoted by the Seller of the Security and Confirmed in Writing  
 Public Fund Investment Pool/MM Accounts:      Balance = Book Value = Current Market

Headwaters Municipal Utility District  
**Summary of Money Market Funds**  
07/01/2022 - 09/30/2022

| Fund: Debt Service           |  | Financial Institution: TEXPOOL |                           | Date Opened: 12/18/2018 |  | Current Interest Rate: 2.96% |  | Description |  | Begin Balance  | Cash Added | Cash Withdrawn | Int. Earned | End Balance    |
|------------------------------|--|--------------------------------|---------------------------|-------------------------|--|------------------------------|--|-------------|--|----------------|------------|----------------|-------------|----------------|
| Account Number: XXXX0001     |  | Date                           |                           |                         |  |                              |  |             |  |                |            |                |             |                |
|                              |  | 07/01/2022                     |                           |                         |  |                              |  |             |  | 6,634.42       |            |                |             |                |
|                              |  | 07/21/2022                     | Transfer To GOF           |                         |  |                              |  |             |  |                |            | (2,579.99)     |             |                |
|                              |  | 07/21/2022                     | Transfer To DSF           |                         |  |                              |  |             |  |                |            | (4,054.43)     |             |                |
|                              |  | 07/31/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 1.53        |                |
|                              |  | 07/31/2022                     | Tax 07/22 DIT             |                         |  |                              |  |             |  | 1,748.74       |            |                |             |                |
|                              |  | 08/31/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 2.29        |                |
|                              |  | 08/31/2022                     | Tax 08/22 DIT             |                         |  |                              |  |             |  | 28.83          |            |                |             |                |
|                              |  | 09/15/2022                     | Transfer To GOF           |                         |  |                              |  |             |  |                |            | (680.06)       |             |                |
|                              |  | 09/15/2022                     | Transfer To DSF           |                         |  |                              |  |             |  |                |            | (1,072.50)     |             |                |
|                              |  | 09/30/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 0.88        |                |
| Totals for Account XXXX0001: |  |                                |                           |                         |  |                              |  |             |  | \$6,634.42     | \$1,777.57 | (\$8,386.98)   | \$4.70      | \$29.71        |
| Account Number: XXXX0003     |  | Date                           |                           |                         |  |                              |  |             |  | Begin Balance  | Cash Added | Cash Withdrawn | Int. Earned | End Balance    |
|                              |  | 07/01/2022                     |                           |                         |  |                              |  |             |  | 1,810,959.74   |            |                |             |                |
|                              |  | 07/21/2022                     | Tax Transfer              |                         |  |                              |  |             |  |                | 4,054.43   |                |             |                |
|                              |  | 07/31/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 2,341.94    |                |
|                              |  | 08/12/2022                     | BOND PAYMENT BOT          |                         |  |                              |  |             |  |                |            | (667,211.26)   |             |                |
|                              |  | 08/12/2022                     | PAF BOT SERIES 2017 ROAD  |                         |  |                              |  |             |  |                |            | (200.00)       |             |                |
|                              |  | 08/12/2022                     | PAF BOT SERIES 2018 ROAD  |                         |  |                              |  |             |  |                |            | (200.00)       |             |                |
|                              |  | 08/12/2022                     | PAF BOT SERIES 2020 ROAD  |                         |  |                              |  |             |  |                |            | (200.00)       |             |                |
|                              |  | 08/12/2022                     | PAF BOT SERIES 2020A ROAD |                         |  |                              |  |             |  |                |            | (150.00)       |             |                |
|                              |  | 08/12/2022                     | PAF BOT SERIES 2021 ROAD  |                         |  |                              |  |             |  |                |            | (189.81)       |             |                |
|                              |  | 08/31/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 2,537.23    |                |
|                              |  | 09/15/2022                     | Tax Transfer              |                         |  |                              |  |             |  | 1,072.50       |            |                |             |                |
|                              |  | 09/30/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 2,285.50    |                |
| Totals for Account XXXX0003: |  |                                |                           |                         |  |                              |  |             |  | \$1,810,959.74 | \$5,126.93 | (\$668,151.07) | \$7,164.67  | \$1,155,100.27 |
| Account Number: XXXX0009     |  | Date                           |                           |                         |  |                              |  |             |  | Begin Balance  | Cash Added | Cash Withdrawn | Int. Earned | End Balance    |
|                              |  | 07/01/2022                     |                           |                         |  |                              |  |             |  | 111,493.48     |            |                |             |                |
|                              |  | 07/31/2022                     |                           |                         |  |                              |  |             |  |                |            |                | 143.99      |                |

Methods Used For Reporting Market Values

Certificates of Deposits: Face Value Plus Accrued Interest  
Securities/Direct Government Obligations: Market Value Quoted by the Seller of the Security and Confirmed in Writing  
Public Fund Investment Pool/MM Accounts: Balance = Book Value = Current Market



Headwaters Municipal Utility District  
**Summary of Money Market Funds**  
07/01/2022 - 09/30/2022

| Fund: Debt Service  |                     |                |            |                |             |                |
|---|---------------------|----------------|------------|----------------|-------------|----------------|
| Financial Institution: TEXPOOL  |                     |                |            |                |             |                |
| Account Number: XXXX0009      Date Opened: 12/16/2021      Current Interest Rate: 2.96% |                     |                |            |                |             |                |
| Date  | Description         | Begin Balance  | Cash Added | Cash Withdrawn | Int. Earned | End Balance    |
| 08/12/2022  | BOND PAYMENT BOT    |                |            | (70,525.97)    |             |                |
| 08/12/2022  | PAF BOT SERIES 2021 |                |            | (67.71)        | 120.43      |                |
| 08/31/2022  |                     |                |            |                | 81.64       |                |
| 09/30/2022  |                     |                |            |                |             |                |
| Totals for Account XXXX0009:  |                     | \$111,493.48   |            |                | \$346.06    | \$41,245.86    |
| Totals for Debt Service Fund:   |                     | \$1,929,087.64 | \$6,904.50 | (\$747,131.73) | \$7,515.43  | \$1,196,375.84 |

| Methods Used For Reporting Market Values  |  |  |  |
|---|--|--|--|
| Certificates of Deposits:                 | Face Value Plus Accrued Interest   |  |  |
| Securities/Debt Government Obligations:   | Market Value Quoted by the Seller of the Security and Confirmed in Writing |  |  |
| Public Fund Investment Pool/ADR Accounts: | Balance = Book Value = Current Market                                      |  |  |

## Headwaters Municipal Utility District

Fund: Operating

### Methods Used For Reporting Market Values

**Certificates of Deposits:**  
**Counties/Direct Government Obligations:**  
**Public Fund Investment Pool/ARM Accounts:**

Face Value Plus Accrued Interest  
 Market Value Quoted by the Seller of the Security and Confirmed in Writing  
 Balance = Book Value = Current Market

## Headwaters Municipal Utility District

Fund: Capital Projects

**Public Fund Investment Pool/ARM Accounts:**  
**Market Value Quoted by the Seller of the Security and Confirmed in Writing**  
**Balance = Book Value = Current Market**  
**Pace Value Plus Accrued Interest**

Headwaters Municipal Utility District  
**Summary of Certificates of Deposit with Money Market**  
07/01/2022 - 09/30/2022

| Financial Institution     | Investment Number                    | Issue Date     | Maturity Date | Beginning Balance | Principal From Cash | Principal From Investment | Principal Withdrawn | Principal Reinvested | Ending Balance | Interest Rate | Beg. Acc. Interest | Interest Earned | Interest Reinvested | Interest Withdrawn | Accrued Interest |
|---------------------------|--------------------------------------|----------------|---------------|-------------------|---------------------|---------------------------|---------------------|----------------------|----------------|---------------|--------------------|-----------------|---------------------|--------------------|------------------|
| <b>Fund: Debt Service</b> |                                      |                |               |                   |                     |                           |                     |                      |                |               |                    |                 |                     |                    |                  |
|                           | <b>Totals for Debt Service Fund:</b> |                |               |                   |                     |                           |                     |                      |                |               |                    |                 |                     |                    |                  |
|                           | Beginning Balance:                   | \$0.00         |               |                   |                     | 0.00                      | 0.00                | 0.00                 | 0.00           | N/A           | 0.00               | 0.00            | 0.00                | 0.00               | \$0.00           |
|                           | Plus Principal From Cash:            | \$0.00         |               |                   |                     |                           |                     |                      | \$0.00         |               |                    |                 |                     |                    |                  |
|                           | Less Principal Withdrawn:            | \$0.00         |               |                   |                     |                           |                     |                      | \$0.00         |               |                    |                 |                     |                    |                  |
|                           | Plus Interest Reinvested:            | \$0.00         |               |                   |                     |                           |                     |                      | \$0.00         |               |                    |                 |                     |                    |                  |
|                           | Fixed Balance:                       | \$0.00         |               |                   |                     |                           |                     |                      | \$7,515.43     |               |                    |                 |                     |                    |                  |
|                           | MM Balance:                          | \$1,196,375.84 |               |                   |                     |                           |                     |                      | \$7,515.43     |               |                    |                 |                     |                    |                  |
|                           | Total Balance:                       | \$1,196,375.84 |               |                   |                     |                           |                     |                      |                |               |                    |                 |                     |                    |                  |
|                           | <b>Totals for District:</b>          |                |               |                   |                     |                           |                     |                      |                |               |                    |                 |                     |                    |                  |
|                           |                                      |                |               | 0.00              | 0.00                | 0.00                      | 0.00                | 0.00                 | 0.00           | N/A           | 0.00               | 0.00            | 0.00                | 0.00               | \$0.00           |

**Methods Used For Reporting Market Values**

Certificates of Deposits: Face Value Plus Accrued Interest  
Securities/Direct Government Obligations: Market Value Quoted by the Seller of the Security and Confirmed in Writing  
Public Fund Investment Pool/ADA Accounts: Balance = Book Value = Current Market

Headwaters Municipal Utility District  
**Detail of Pledged Securities**  
07/01/2022 - 09/30/2022

Financial Institution: FIRST CITIZENS BANK-CKING

| Security: FHLMC<br>CUSIP: 3137FRSN2 | Par Value: |              | Maturity Date: | 03/25/2048 | Pledged: | 04/01/2021 | Released: | Amount Released: |
|-------------------------------------|------------|--------------|----------------|------------|----------|------------|-----------|------------------|
|                                     | Date       | Value        |                |            |          |            |           |                  |
|                                     | 07/31/2022 | 10,394.63    |                |            |          |            |           |                  |
|                                     | 08/31/2022 | 9,992.45     |                |            |          |            |           |                  |
|                                     | 09/30/2022 | 9,621.00     |                |            |          |            |           |                  |
| Security: FHLMC<br>CUSIP: 38380JQR2 | Par Value: |              | Maturity Date: | 04/16/2059 | Pledged: | 04/01/2021 | Released: | Amount Released: |
|                                     | Date       | Value        |                |            |          |            |           |                  |
|                                     | 07/31/2022 | 2,187,568.57 |                |            |          |            |           |                  |
|                                     | 08/31/2022 | 199,818.98   |                |            |          |            |           |                  |
|                                     | 09/30/2022 | 1,798,454.00 |                |            |          |            |           |                  |
| Security: FNMA<br>CUSIP: 3140XAGF4  | Par Value: |              | Maturity Date: | 05/01/2041 | Pledged: | 02/01/2022 | Released: | Amount Released: |
|                                     | Date       | Value        |                |            |          |            |           |                  |
|                                     | 07/31/2022 | 270,737.73   |                |            |          |            |           |                  |
|                                     | 08/31/2022 | 255,153.00   |                |            |          |            |           |                  |
|                                     | 09/30/2022 | 242,407.00   |                |            |          |            |           |                  |

**Methods Used For Reporting Market Values**

certificates of Deposit:  
 Face Value Plus Accrued Interest  
 Securities/Discreet Government Obligations:  
 Market Value Quoted by the Seller of the Security and Confirmed in Writing  
 Other Fund Investment Pool/AMM Accounts:  
 Balance = Book Value = Current Market

**APPLICATION AND CERTIFICATE FOR PAYMENT**

TO OWNER:

Headwaters Municipal Utility District of Hays County  
C/O McLean & Howard L.L.P.  
901 S. MoPac Expressway, Suite 225, Austin, Texas 78766

FROM CONTRACTOR:

C. C. CARLTON IND., LTD.  
3102 BEE CAVE RD., SUITE 200  
AUSTIN, TEXAS 78746

PROJECT:

Headwaters of Barton Creek Water Reclamation  
Facility Phase 3 Drip Irrigation Improvements

VIA ENGINEER:

Allen Engineering  
1101 S. Capital of Texas Hwy., Bldg. D110  
Austin, Texas 78746

APPLICATION #: 8

Distribution to:

PERIOD TO: 10/31/22

CCC PROJECT # 22/002

CONTRACT DATE:

|                                     |            |
|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Owner      |
| <input checked="" type="checkbox"/> | Const. Mgr |
| <input checked="" type="checkbox"/> | Engineer   |
| <input type="checkbox"/>            | Contractor |

**CONTRACTOR'S APPLICATION FOR PAYMENT**

Application is made for payment, as shown below, in connection with the Contract.

|   |                 |
|---|-----------------|
| 1. ORIGINAL CONTRACT SUM-----   | \$ 1,623,160.00 |
| 2. Net change by Change Orders-----   |                 |
| 3. CONTRACT SUM TO DATE (Line 1 +/- 2)  | \$ 1,623,160.00 |
| 4. TOTAL COMPLETED & STORED TO DATE-\$<br>(Column G on Continuation Sheet)        | \$1,532,960.00  |
| 5. RETAINAGE:   |                 |
| a. 10.0% of Completed Work<br>(Columns D+E on Continuation Sheet)                 | \$ 153,296.00   |
| b. 10.0% of Stored Material<br>(Column F on Continuation Sheet)                   | \$ -            |
| Total Retainage (Line 5a + 5b or<br>Total in Column I of Continuation Sheet-----) | \$ 153,296.00   |
| 6. TOTAL EARNED LESS RETAINAGE-----<br>(Line 4 less Line 5 Total)                 | \$ 1,379,664.00 |
| 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT<br>(Line 6 from prior Certificate)----- | \$1,314,864.00  |
| 8. CURRENT PAYMENT DUE-----   | \$ 64,800.00    |
| 9. BALANCE TO FINISH, INCLUDING RETAINAGE<br>(Line 3 less Line 6)                 | \$ 243,496.00   |

| CHANGE ORDER SUMMARY                               | ADDITIONS | DEDUCTIONS |
|--|-----------|------------|
| Total changes approved in previous months by Owner | \$ -      | \$ -       |
| Total approved this Month                          |           |            |
| Totals   | \$ -      | \$ -       |
| NET CHANGES by Change Order                        | \$        | -          |

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown therein is now due.

CONTRACTOR:

By: HEATH TAYLOR

Date: 10/27/22

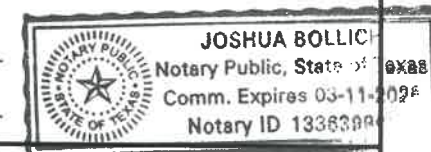
State of: TEXAS

County of: WILLIAMSON

Subscribed and sworn to before  
me this 27TH day of OCTOBER

Notary Public: JOSHUA BOLlich

My Commission expires: 03/11/26

**CERTIFICATE FOR PAYMENT**

In accordance with Contract Documents, the Engineer certifies to the Owner that to the best of the Engineer's knowledge, information and belief the Work has progressed as indicated, the work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 64,800.00

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this application and on the Continuation Sheet that are changed to conform to the amount certified.)

Engineer:

By:

Date: 11.4.22

Headwaters Municipal Utility District Of Hays County  
President

By:

Date:

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**Payment Schedule:**

Contractor shall submit Applications for Payment on the form below, as such may be amended from time to time, on the last day of each month for work performed during such month or any portion thereof. Applications for Payment must be submitted to Owner electronically at \_\_\_\_\_.

**Exhibit I**  
**Payment Schedule**

Instructions: Please fill out columns I and K as applicable for this billing period. For quantity for LS and TM/NTE line items please enter percent complete as a fraction of 1, i.e. 50% would be .5. Where services are billed on a TM/NTE basis, please attach an accounting of the personnel providing services, hours worked, and material expenses incurred. All invoices shall be submitted to: \_\_\_\_\_.

|  |  |  |  |  |  |  |  |  |  |  |  |  |   |  |                   |  |            |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|---|--|-------------------|--|------------|--|
| Instructions: Please fill out columns I and K as applicable for this billing period. For quantity for LS and TM/NTE line items please enter percent complete as a fraction of 1, i.e. 50% would be .5. Where services are billed on a TM/NTE basis, please attach an accounting of the personnel providing services, hours worked, and material expenses incurred. All invoices shall be submitted to: |  |  |  |  |  |  |  |  |  |  |  |  | Contractor: CC Carlton Industries, LTD      |  | Application No.:  |  | Pay App 8  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | Project: Headwaters Drip Irrigation Phase 3 |  | Application Date: |  | 10/27/2022 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |   |  | Billing Period:   |  | OCTOBER    |  |
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## Payment Application Form

Application No.: 8

Application Date: 10/31/22

Billing Period: OCTOBER

### CONTRACTOR:

The undersigned Contractor certifies that the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

By Heath Taylor Date: 10/27/22

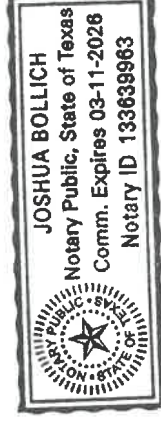
State of: TEXAS

County of: Williamson

Subscribed and sworn to before me this 27TH day of OCTOBER

Notary Public: JOSHUA BOLLICH J. Bollich

My Commission expires: 03/11/2026





**OWNER'S REQUIRED FORM FOR  
CONTRACTOR'S APPLICATION FOR PROGRESS PAYMENT**

**CONDITIONAL BILLS PAID AFFIDAVIT AND  
WAIVER AND RELEASE ON PROGRESS PAYMENT**

"Owner": **Municipal Utility District of Hays County**

"Contractor": **CC Carlton Industries, Ltd.**

"Project": Headwaters of Barton Creek Water Reclamation Facility - Phase 3 Drip Irrigation Improvements  
Project, for improvements on Owner's real property (the "Property") located at Dripping Springs,  
Texas.

"Current Application": Application for Payment (Application No. 8 through the last day of  
October, 2022 The Current Application is attached hereto as Exhibit A and  
incorporated fully herein.

Amount Requested in Current Application: \$ 64,800.00.

Amount of Retainage Withheld through Current Application: \$ 153,296.00.

**CERTIFICATION OF AMOUNT DUE AND OUTSTANDING CLAIMS**

In order to induce the Owner to pay to Contractor the Amount Requested in Current Application shown above, the undersigned Contractor hereby **acknowledges and certifies**, under oath, as follows:

1. title to all Work, materials and equipment incorporated in said Work through the date of the Current Application or otherwise covered by the Current Application will pass to Owner, free and clear of all liens, security interests and encumbrances, no later than the time that payment requested herein is received in collected funds (except as specifically disclosed below);
2. all Work covered by this Current Application has been completed in accordance with the Contract Documents; and
3. Contractor has received payment in full and has no outstanding claim for payment arising from or relating to any and all Work performed by or through Contractor through the date covered by the last previous Application for Payment, except for the unpaid Amount of Retainage Withheld as set out in the last previous Application for Payment, and ***except as follows:***

**NONE PER HT**

*[State "None" or fully describe all such claims and/or exceptions or qualifications to the representations set forth above, as applicable, including any pending or anticipated change order claims for Work previously performed or claims for extended overhead and expenses associated with Work previously performed. Attach additional sheets if necessary.]*

**BILLS PAID AFFIDAVIT**  
[Sec. 53.085, Texas Property Code]

Contractor hereby certifies and represents to Owner that *all* laborers, subcontractors, materialmen, and all other persons or parties who have provided labor or materials through, for, or on behalf of Contractor to the above-noted construction Project **through the date covered by the last Application for Payment have been paid in full** and that Contractor is not aware of any claim for payment or lien by such person or party or any sub-subcontractors or suppliers of Contractor (of any tier) for Work performed through the date covered by the last Application for Payment, **except as follows:**

**NONE PER HT**  
*[State "None" or fully describe all such claims and/or exceptions or qualifications to the representations set forth above, as applicable. Attach additional sheets if necessary.]*

Further, to the fullest extent permitted by applicable law, Contractor hereby indemnifies and agrees to defend Owner from and against all claims, loss or expense resulting from false or incorrect information provided in the certifications set forth in the Certification of Amount Due and Outstanding Claims (above) and in this Bills Paid Affidavit.

**CONDITIONAL LIEN WAIVER AND RELEASE ON PROGRESS PAYMENT**  
[Sec. 53.281, et seq., Texas Property Code]

On receipt by Contractor of a check from **Municipal Utility District of Hays County** in the sum of **\$64,800.00** payable to Contractor and when the check has been properly endorsed and has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right (whether Constitutional or Statutory or arising by contract), any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the Property of the Owner as described above to the following extent:

**for all Work performed by or through the Contractor for the Project through the date covered by the Current Application as set forth above, except as otherwise expressly provided herein.**

This release covers a progress payment for all labor, services, equipment, or materials furnished to the Property or to the Owner as set forth above and in the attached Application for Payment, except for the unpaid "Amount of Retainage Withheld" as set out above, and except for those pending modifications and changes, claims for payment, or other items set forth and identified in the CERTIFICATION OF AMOUNT AND OUTSTANDING CLAIMS above.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

*Consistent with its certifications above concerning payment, the signer warrants that the signer has already paid or will use the funds received from this progress payment to promptly pay in full all of the signer's laborers, sub-subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the Project in regard to the attached Application for Payment.*

Date 10-27-22

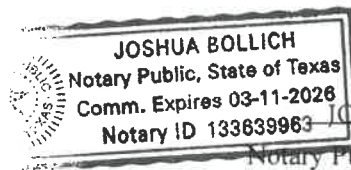
**CONTRACTOR: CC Carlton Industries, Ltd.**

By: Heath Taylor  
Name and Title: HEATH TAYLOR, SR. PROJECT MANAGER

STATE OF TEXAS

COUNTY OF WILLIAMSON

**SUBSCRIBED AND SWORN TO** before me by the said HEATH TAYLOR, who further acknowledged to me that he/she is the person executing this **CONDITIONAL BILLS PAID AFFIDAVIT AND WAIVER AND RELEASE ON PROGRESS PAYMENT** and that he/she is fully authorized to do so on behalf of **CC Carlton Industries, Ltd.**, LIMITED PARTNERSHIP, on this 27<sup>th</sup> day of October 2022, to certify which witness my hand and seal of office.



JOSHUA BOLLICH Bollich  
Notary Public – State of TEXAS  
My Commission Expires: 03-11-2026

**[Attach Pay Application as Exhibit A]**

## Contractor's Application for Payment No.

7

|   |  |                              |
|---|--|------------------------------|
| Application Period: 10/1-10/31                          |  | Application Date: 10/26/2022 |
| To (Owner): HEADWATERS MUD OF HAYS COUNTY               | From (Contractor): KEYSTONE CONSTRUCTION | Via (Engineer): DAVID ALLEN  |
| Project: HEADWATERS OF BARTON CREEK WRF PHASE 3 WW IMP. | Contract:                                |                              |
| Owner's Contract No.:                                   | Contractor's Project No.: 22031          | Engineer's Project No.:      |

### Application For Payment Change Order Summary

| Approved Change Orders |           |            | 1. ORIGINAL CONTRACT PRICE.....                                | \$ | \$5,138,680.00 |
|------------------------|-----------|------------|--|----|----------------|
| Number                 | Additions | Deductions | 2. Net change by Change Orders.....                            | \$ |                |
|                        |           |            | 3. Current Contract Price (Line 1 + 2).....                    | \$ | \$5,138,680.00 |
|                        |           |            | 4. TOTAL COMPLETED AND STORED TO DATE                          |    |                |
|                        |           |            | (Column F total on Progress Estimates).....                    | \$ | \$2,636,245.10 |
|                        |           |            | 5. RETAINAGE:  |    |                |
|                        |           |            | a. 10% X \$2,632,554.00 Work Completed.....                    | \$ | \$263,255.40   |
|                        |           |            | b. 10% X \$3,691.10 Stored Material.....                       | \$ | \$369.11       |
|                        |           |            | c. Total Retainage (Line 5.a + Line 5.b).....                  | \$ | \$263,624.51   |
|                        |           |            | 6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c).....            | \$ | \$2,372,620.59 |
|                        |           |            | 7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)..... | \$ | \$1,721,241.09 |
|                        |           |            | 8. AMOUNT DUE THIS APPLICATION.....                            | \$ | \$651,379.50   |
|                        |           |            | 9. BALANCE TO FINISH, PLUS RETAINAGE                           |    |                |
|                        |           |            | (Column G total on Progress Estimates + Line 5.c above).....   | \$ | \$2,766,059.41 |
| TOTALS                 |           |            |  |    |                |
| NET CHANGE BY          |           |            |  |    |                |
| CHANGE ORDERS          |           |            |  |    |                |

### Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:  
(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;  
(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances); and  
(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

### Contractor Signature

By:  Austin Adkins  
Date: 10/26/2022

Payment of: \$ 651,379.50  
(Line 8 or other - attach explanation of the other amount)

is recommended by:  11.4.22  
(Engineer) (Date)

is approved by: HEADWATERS MUD OF HAYS COUNTY (Date)

### Progress Estimate - Lump Sum Work

## Contractor's Application

| For (Contract):                |  | Application Number: 7        |  |
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| Application Period: 10/1-10/31 |  | Application Date: 10/26/2022 |  |
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**CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT**

Project: HEADWATERS OF BARTON CREEK WRF PH 3 WW IMP

Job No. \_\_\_\_\_

HEADWATERS MUD

On receipt by the signer of this document of a check from OF HAYS COUNTY (maker of check) in the sum of \$651,379.50 payable to KEYSTONE CONSTRUCTION (payee or payees of check) and when the check has been properly endorsed and has been paid by the bank on which it is drawn; this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the property of HEADWATERS MUD OF HAYS COUNTY (owner) located at: HEADWATERS (location) to the following extent: WRF PH3 WW IMP (job description).

This release covers a progress payment for all labor, services, equipment, or materials furnished to the property or to KEYSTONE CONSTRUCTION (person with whom signer contracted) as indicated in the attached statement(s) or progress payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.

Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.

The signer warrants that the signer has already paid or will use the funds received from this progress payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project in regard to the attached statement(s) or progress payment request(s).

Date: 11/2/2022

KEYSTONE CONSTRUCTION (Company name)

By: *Austin Adkins*

Signature

PRESIDENT

Title

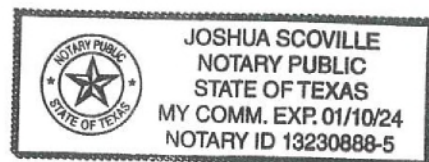
This instrument was executed and acknowledged before me on this 2<sup>nd</sup> day of November 2022, by Austin Adkins, known to me as the person whose name is subscribed above, as President (title) of Keystone Construction (company), on behalf of and as the authorized act of said entity.

Notary Public in and for the State of Texas

*Joshua Scoville*

My Commission Expires:

1/10/24





**NOTICE:**

**This document waives rights unconditionally and states that you have been paid for giving up those rights, It is prohibited for a person to require you to sign this documents if you have not been paid the amount set forth below. If you have not been paid, use a conditional release form.**

**UNCONDITIONAL WAIVER AND RELEASE ON FINAL AND/OR PREVIOUS**

**PROGRESS PAYMENT** FOR PAY APP #6 FOR \$470,614.59

Project: HEADWATERS OF BARTON CREEK WRF PH 3 WW IMP

Job No. \_\_\_\_\_

The signer of this documents has been paid in full for all labor, services, equipment, or materials furnished to the property or to KEYSTONE CONSTRUCTION (person with whom signer contracted) on the property of HEADWATERS MUD OF HAYS COUNTY (owner) located at HEADWATERS to the following extent: WRF PH3 WW IMP (job description). The signer therefore waives and releases any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position

The signer warrants that the signer has already paid or will use the funds received from this final payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project up to the date of this waiver and release.

Date: 11/02/2022

KEYSTONE CONSTRUCTION (Company name)

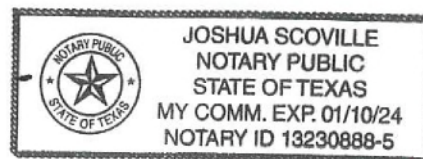
By:   
Signature

PRESIDENT  
Title

This instrument was executed and acknowledged before me on this 2<sup>nd</sup> day of November 2022, by Austin Adkins, known to me as the person whose name is subscribed above, as President (title) of Keystone Construction (company), on behalf of and as the authorized act of said entity.

  
Notary Public in and for the State of Texas

My Commission Expires: 1/10/24



**EXHIBIT "A"**

**LIST OF ALL SUBCONTRACTORS, LABORERS AND MATERIAL SUPPLIERS**

All subcontractors, laborers and suppliers must sign beside paid amount to acknowledge their receipt of payment in full.

| NAME OF SUBCONTRACTOR<br>LABORER OR SUPPLIER | TYPE OF<br>WORK   | AMOUNT<br>PAID  |
|--|-------------------|-----------------|
| 1. <b>AUC</b>                                | <b>WWTP</b>       | <b>\$220000</b> |
| 2. <b>T MORALES CO</b>                       | <b>ELECTRICAL</b> | <b>\$35563</b>  |
| 3. _____                                     | _____             | _____           |
| 4. _____                                     | _____             | _____           |
| 5. _____                                     | _____             | _____           |
| 6. _____                                     | _____             | _____           |
| 7. _____                                     | _____             | _____           |
| 8. _____                                     | _____             | _____           |
| 9. _____                                     | _____             | _____           |
| 10. _____                                    | _____             | _____           |
| 11. _____                                    | _____             | _____           |
| 12. _____                                    | _____             | _____           |

**ALLEN ENGINEERING GROUP, INC.**

**1101 S. Capital of Texas Hwy Bldg. D110 . . . West Lake Hills, TX 78746 . . . (512) 637-0126**

**INVOICE**

Date: 11/3/2022

Invoice No.: **9352**

To: Headwaters MUD of Hays County  
c/o Municipal Accounts & Consulting, L.P.  
6500 River Place Blvd.  
Bldg. 4, Suite 104  
Austin, TX 78730

Authorization: Signed Contract

Project: **HW WWTP  
Operations**

Remit to: Allen Engineering Group, Inc.

EIN: 43-2058454

---

Billing Period October 2022

| Task                                      | Mhrs | Rate |            |
|---|------|------|------------|
| Routine Operations                        |      |      | \$5,500.00 |
| Additional Operations and Maintenance     |      |      |            |
| Drip Field Repairs                        |      |      |            |
| 1-Oct Drip Irrigation Repairs, Hog Damage | 12   | 75   | \$900.00   |
| 8-Oct Drip Irrigation Repairs, Hog Damage | 10   | 75   | \$750.00   |

---

**TOTAL AMOUNT DUE**

**\$7,150.00**

THANK YOU

IF YOU HAVE ANY QUESTIONS David Allen



635 Phil Gramm Blvd., Bryan TX 77807

P: (979)778-3707, F: (979)778-3193

email: accounting@aquatechlabs.com

# Invoice

Invoice Number: 60666

Invoice Date: 10/30/2022

| Bill To:   | Comments:                             |
|--|---------------------------------------|
| Headwaters Municipal Utility District<br>Municipal Accounts & Consulting, L.P.<br>6500 River Place Blvd<br>Bldg 4, Suite 104<br>Austin, TX 78730 | September 2022 Analysis<br>Headwaters |

| Customer ID                      | Customer PO | Payment Terms | Due Date   | Discount |
|----------------------------------|-------------|---------------|------------|----------|
| Headwaters Municipal Utility ... | *           | NET 30 Days   | 11/29/2022 |          |

| Quantity | Item ID & Matrix    | Description (see key below)                            | Unit Price | Amount  |
|----------|---------------------|--|------------|---------|
| 2        | A BOD NP            | Biochemical Oxygen Demand Probe SM 5210 B [NEL]        | 28.50      | 57.00   |
| 12       | A E. Coli by MPN NP | E. Coli by MPN SM 9223B [NEL]                          | 48.25      | 579.00  |
| 6        | A TSS NP            | Total Suspended Solids Grav SM 2540 D [NEL]            | 23.00      | 138.00  |
| 2        | NH3N NP             | Ammonia Nitrogen AUTO SM 4500 G [NEL]                  | 27.75      | 55.50   |
| 2        | NO3N NO2N NP        | Combined Nitrate + Nitrite as N RFA SM4500 NO3 F [NEL] | 27.75      | 55.50   |
| 0        | N Total Calc        | Total Nitrogen Calc [ANR]                              | 11.25      | 0.00    |
| 2        | P NP ICP            | Phosphorous ICP EPA 200.7 [NEL]                        | 33.00      | 66.00   |
| 2        | TKN NP              | Total Kjeldahl Nitrogen as N RFA EPA 351.2 [NEL]       | 36.75      | 73.50   |
| 0        | Holiday Set Up Fee  | Holiday Set Up/Take Off Fee                            | 300.00     | 0.00    |
| 0        | A Weekend Work ...  | Weekend Work Fee                                       | 175.00     | 0.00    |
| 4        | A Sample Fee        | Sample Fee - Tuesday                                   | 45.75      | 183.00  |
| 4        | A Fuel Fee          | Truck & Fuel Costs - Tuesday                           | 14.50      | 58.00   |
| 8        | A Sample Fee        | Sample Fee - Wednesday & Thursday                      | 24.50      | 196.00  |
| 8        | A Fuel Fee          | Truck & Fuel Costs - Wednesday & Thursday              | 12.00      | 96.00   |
| 1        | A Sample Fee-Ext    | Extra time at site per 15 minutes                      | 14.75      | 14.75   |
| -5       | P NP ICP            | Phosphorous ICP EPA 200.7 [NEL] - lab concern          | 33.00      | -165.00 |

Due to the increase in operational costs, Aqua-Tech Laboratories will be implementing a price increase. The new price list will be effective July 1, 2022. Aqua-Tech values you as a customer and encourages you to communicate concerns with the accounting staff at 979-778-3707 ext. 4 or accounting@aquatechlabs.com.

Location: A-Austin Laboratory Parameter (all others through Bryan Laboratory)

Matrix Codes: NP-Non Potable Water, DW-Drinking Water, SL-Solid

NEL-NELAC Accredited, SUB-Subcontracted, INF-Informational (not certified)

DWP-Accredited through the TCEQ DW Commercial Lab Approval Program

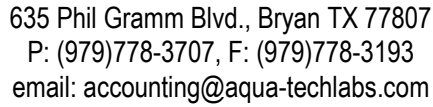
ANR-Accreditation Not Required

|                          |                   |
|--------------------------|-------------------|
| Total Invoice Amount     | \$1,407.25        |
| Payments/Credits Applied | \$0.00            |
| <b>TOTAL</b>             | <b>\$1,407.25</b> |

Empty sample containers, which may contain site references, will be bagged and disposed via municipal waste collection.

Go paperless! If you prefer to have your invoices e-mailed, please send a request to accounting@aquatechlabs.com and we will make the change for you.

Thank you for your business!



Invoice Number: 60866  
Invoice Date: 10/31/2022

*Thank you for your business!*



# INVOICE

Date  
11/01/2022

Invoice No.  
CD99004973

Headwaters MUD of Hays County  
c/o Municipal Accts & Consulting LP  
6500 River Place Blvd Bldg4 Ste104  
Austin, TX 78730

| Description                                 | Amount            |
|---|-------------------|
| Reference: Headwaters II MUD of Hays County |                   |
| Monthly Lease Invoice - December 2022       | \$5,250.00        |
| <b>BALANCE DUE</b>                          | <b>\$5,250.00</b> |



# INVOICE

Date  
11/01/2022

Invoice No.  
CD99004974

Headwaters MUD of Hays County  
c/o Municipal Accts & Consulting LP  
6500 River Place Blvd Bldg4 Ste104  
Austin, TX 78730

| Description                           | Amount            |
|---------------------------------------|-------------------|
| Reference: Headwaters at Barton Creek |                   |
| Monthly Lease Invoice - December 2022 | \$8,300.00        |
| <b>BALANCE DUE</b>                    | <b>\$8,300.00</b> |

## ORIGINAL INVOICE

## INVOICE



Mail all remittances to:  
Box 88223  
Milwaukee, WI 53288-8223

4545 W Brown Deer Rd. P.O. Box 245036  
Milwaukee, WI 53224-9536 (414) 355-0400  
Credit Inquiries - credit@badgermeter.com

| INVOICE NUMBER      | DATE     |
|---------------------|----------|
| 80110477            | 10/28/22 |
| D-U-N-S 00-606-9710 |          |
| NET 30 DAYS         |          |

FED I.D. #39-0143280  
GST# 123746141

SOLD TO CUSTOMER: 22726

HEADWATERS MUD  
2601 FORREST CREEK DR  
ROUND ROCK, TX 78665

SHIP TO CUSTOMER: 1

HEADWATERS MUD  
2601 FORREST CREEK DR  
ROUND ROCK, TX 78665

| CUSTOMER PO#    | SHIPPING TERMS    | FREIGHT CARRIER    |
|-----------------|-------------------|--------------------|
| BADGER SERVICES | FREIGHT PREPAID   |                    |
| ORDER DATE      | INCO TERMS        | TRACKING NUMBER    |
| 10/28/22        | FCA FACTORY       |                    |
| PROPOSAL #      | FINAL DESTINATION | WAREHOUSE / ORDER# |
|                 | UNITED STATES     | MM 1118032         |

| LINE | PRODUCT DEFINITION  | UNIT PRICE | EXTENDED PRICE USD |
|------|---|------------|--------------------|
| 1    | Badger Meter Item: 68886-104<br>Description: ORION CELLULAR LTE SERV UNIT<br>Ordered: 499.000 Shipped: 499.000<br>7723 ATLAS UTILITY SUPPLY<br>7723 12 0 AA A4<br>SERVICES FOR OCTOBER 2022 | 0.8900     | 444.11             |
| 2    | Badger Meter Item: 68886-101<br>Description: ORION CELLULAR 1XRTT SERV UNIT<br>Ordered: 32.000 Shipped: 32.000<br>7723 ATLAS UTILITY SUPPLY<br>7723 12 0 AA A4<br>SERVICES FOR OCTOBER 2022 | 0.8900     | 28.48              |
|      | Sub Total   |            | 472.59             |
|      | Total   |            | 472.59             |
|      | BEACON SERVICES INVOICE, SALES REPRESENTATIVE #<br>7723   |            |                    |

This invoice is made subject to the terms & conditions found on our web-site: <https://www.badgermeter.com/terms-and-conditions>. Terms and conditions related to service units, training, and professional services can be found here: <https://badgermeter.com/service-units-terms-and-conditions>. Goods covered by this invoice were produced in compliance with the provisions of the Fair Labor Standards Act of 1938 as amended.



BRENNTAG SOUTHWEST, INC.  
610 FISHER ROAD  
LONGVIEW TX 75604

\*\*\* PAGE 1 OF 1

Original Document

INVOICE#: BSW422497 INV DATE: 10/24/22 DUE DATE: 11/23/22

SOLD TO:  
HEADWATERS MUD  
6500 RIVER PLACE BLVD BLDG4  
STE 104  
ATTN DAVID ALLAN  
AUSTIN TX 78730

SHIP TO:  
HEADWATERS WWTP  
708 HEADWATERS BLVD  
ATTN DAVID ALLEN  
DRIPPING SPRINGS TX 78620

|                         |                        |                           |
|-------------------------|------------------------|---------------------------|
| FEDERAL ID #: 751898378 | DATE SHIPPED: 10/24/22 | TERMS: NET 30             |
| ORDER #: 1491607-00     |                        | SHIP WHS: 19 SLSPRSN: 492 |
| CUSTOMER #: 590016      |                        | SHIP VIA: OUR TRUCK       |
| CUSTOMER PO#: VERBAL    |                        | FOB: DELIVERED            |
| FREIGHT TERM: PREPAID   |                        | TAX EX# : CERT ON FILE    |
| PRO NUMBER:             |                        |                           |

| PROD #        | UNITS SHIPPED | WGT/GAL       | TOTAL QTY | UNIT PRICE | EXTENDED |
|---------------|---------------|---------------|-----------|------------|----------|
| 747701        | 1.0000        | 11.08300      | 1.0000E   | 944.8750   | 944.88   |
| 1.0000 E PIBC |               | ALUM 275G IBC |           |            |          |
|               |               | R             |           |            |          |
| LOT NUMBER    |               | QUANTITY      |           |            |          |
| 102022-12AT   |               | 1.0000        |           |            |          |

QUESTIONS, CALL 5122781600

REMIT TO ADDRESS:  
BRENNTAG SOUTHWEST, INC.  
P.O. BOX 970230  
DALLAS TX 75397-0230

|                |        |
|----------------|--------|
| MERCHANDISE    | 944.88 |
| FUEL SURCHARGE | 14.50  |

|                     |                   |        |
|---------------------|-------------------|--------|
| IF PAID BY 11/23/22 | INVOICE TOTAL USD | 959.38 |
|---------------------|-------------------|--------|

|                     |                   |        |
|---------------------|-------------------|--------|
| PAID AFTER 11/23/22 | INVOICE TOTAL USD | 978.57 |
|---------------------|-------------------|--------|

With a logon you can view all your invoices at [US.BrenntagConnect.com](http://US.BrenntagConnect.com). Ask your sales agent for one today.

**BRENNTAG SOUTHWEST**  
**8246 S LOOP 1604 EAST**  
**ELMENDORF, TX 78112**  
**512-278-1600**



**Sold To**

590016  
 HEADWATERS MUD  
 6500 RIVER PLACE BLVD BLDG4  
 STE 104  
 ATTN DAVID ALLAN  
 AUSTIN, TX 78730  
 512-632-0121

**Ship To**

HEADWATERS WWTP  
 708 HEADWATERS BLVD  
 ATTN DAVID ALLEN  
 DRIPPING SPRINGS, TX 78620  
 512-632-0121

**Order #**

1491607-00

| Customer Order Number   |         | Delivery Date and Time                                 |          | Shipped Via  |           | FOB              |  |
|-------------------------|---------|--|----------|--------------|-----------|------------------|--|
| VERBAL                  |         | 10/24/22 14:26:16                                      |          | OUR TRUCK    |           | DELIVERED        |  |
| Quantity                | Haz Mat | Description  | DOT ID # | Hazard Class | Pkg Group | Weight in Pounds |  |
| 1.0000<br>1.0000 EA IBC | X       | 747701 - ALUM<br>-<br>LOT: 102022-12AT LOT QTY: 1.0000 | UN3264   | 8            | III       | 3,348            |  |

Delivery Confirmation

Last Name NOTS

NA

Net Weight 3,048

Gross Weight 3,348

Receiver has acknowledged receipt of COA documents provided.

Please view this link for our Terms and Conditions: <http://bna.brenntag.com/Terms/Terms?req=OESGWGDWTSPSSHDSSWT>



2601 Forest Creek Dr.  
Round Rock, TX 78665  
512-246-1400  
www.crossroadsus.com

# Invoice 8785

Date: October 24, 2022

**Bill To:**

**Headwaters MUD**

C/O Municipal Accounts & Consulting

6500 River Place Blvd.

Bldg 4, Ste 104

Austin, TX 78730

|                       | Oct-22                   |
|-----------------------|--------------------------|
|                       | Operations & Maintenance |
| DESCRIPTION           | AMOUNT                   |
| Basic Service         | \$ 9,260.06              |
| Lift Station          | \$ 1,933.34              |
| Water Distribution    | \$ 2,562.34              |
| Wastewater Collection | \$ -                     |
| Inspection Services   | \$ 2,650.00              |
| Taps and Meters       | \$ -                     |
| Total                 | \$ 16,405.74             |

# Crossroads Utility Services

SvcOrd# 362745A

OCTOBER 2022

**Service Date:** 10/13/22    **Department:** BASIC SERVICE

**Key Map**

**District:** Headwaters MUD

**Priority:** NEXT DAY RESPONSE

**Zone:** South

**Location:** Headwaters MUD

6500 Riverplace Blvd. Bldg. 4

**Work Type:** BASIC SERVICE

**Reported By:**

**Telephone Number:**

**Description of Problem Reported:** Other Charges

**Date Completed:** 10/13/22

**Completed By:** KCUNNINGHA

**Description of Work Performed:** BASIC SERVICE

**Meter Details:**

**Meter Reading:** 0.0000

| Material                    | Description                             | Date     | Qty    | Price     | Amount            |
|-----------------------------|---|----------|--------|-----------|-------------------|
|                             | ONLINE SET-UP FEES                      | 10/13/22 | 196.00 | 1.000     | 196.00 <i>P</i>   |
|                             | ACCOUNT MANAGEMENT/BILLING              | 10/13/22 | 683.00 | 7.000     | 4,781.00 <i>P</i> |
|                             | OPERATION SERVICES UP TO 25 CONNECTIONS | 10/13/22 | 1.00   | 4,000.000 | 4,000.00 <i>P</i> |
|                             | MEETING ATTENDANCE                      | 10/13/22 | 1.00   | 250.000   | 250.00 <i>P</i>   |
|                             | DELINQUENTS LETTER POSTAGE              | 10/13/22 | 58.00  | 0.570     | 33.06 <i>P</i>    |
| <b>Material</b>             |   |          |        |           | <b>9,260.06</b>   |
| <b>Service Order Total:</b> |   |          |        |           | <b>9,260.06</b>   |

10/13/22 08:44:31 AM

KCUNNINGHA

10/13/22 08:44:25 AM

**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #              | SVC DATE | COMP     | ADDRESS                            | NOTES  | LABOR                  | EQUIP | MAT'L    | SUBCON   | TOTAL    |          |
|--------------------|----------|----------|------------------------------------|--|------------------------|-------|----------|----------|----------|----------|
| BASIC SERVICE      |          |          |                                    |  |                        |       |          |          |          |          |
| 362745A            | 10/13/22 | 10/13/22 | 6500 Riverplace Blvd. Bldg. 4      | BASIC SERVICE  | 0.00                   | 0.00  | 9,260.06 | 0.00     | 9,260.06 |          |
|                    |          |          |                                    |  | BASIC SERVICE SUBTOTAL |       |          |          |          | 9,260.06 |
| LIFT STATION       |          |          |                                    |  |                        |       |          |          |          |          |
| 358593A            | 09/06/22 | 09/19/22 | Headwaters Commercial LS - Beverly | DIESEL TANK(S) FILLED  | 11.87                  | 7.50  | 0.00     | 1,151.50 | 1,170.87 |          |
| 358949A            | 09/08/22 | 09/29/22 | HEADWATERS LS1 - HAZY HILLS        | COMPLETED PREVENTATIVE MAINT AT FACILITY. NOTE: FOUND PUMP 2 TRIPPED. WET WELL NEEDS SKIMMED AND GRASS CUT.  | 180.56                 | 84.00 | 0.00     | 0.00     | 264.56   |          |
| 359081A            | 09/09/22 | 09/29/22 | HEADWATERS LS2 - TIERRA TRL        | COMPLETED PREVENTATIVE MAINT AT FACILITY. SIGN ON GATE DOES NOT HAVE FACILITY ADDRESS.                       | 154.37                 | 84.00 | 0.90     | 0.00     | 239.27   |          |
| 359082A            | 09/09/22 | 09/29/22 | Headwaters Commercial LS - Beverly | COMPLETED PREVENTATIVE MAINT AT FACILITY. NOTE: GRASS NEEDS CUT. WET WELL NEEDS SKIMMED.                     | 154.37                 | 84.00 | 0.90     | 0.00     | 239.27   |          |
| 360960A            | 09/27/22 | 09/29/22 | HEADWATERS LS1 - HAZY HILLS        | RMS REPORTED PROBLEM - GENERATOR RUN ALARM. GENERATOR WASNT RUNNING AND IN AUTO. SYSTEM NORMAL. LOGGED INFO. | 11.87                  | 7.50  | 0.00     | 0.00     | 19.37    |          |
|                    |          |          |                                    |  | LIFT STATION SUBTOTAL  |       |          |          |          | 1,933.34 |
| WATER DISTRIBUTION |          |          |                                    |  |                        |       |          |          |          |          |
| 357186A            | 08/25/22 | 09/29/22 | IN DISTRICT HEADWATERS             | DELIVERED LEAD/COPPER BOTTLES TO CUSTOMERS.  | 23.74                  | 15.00 | 0.00     | 0.00     | 38.74    |          |
| 357508A            | 08/24/22 | 10/05/22 | IN DISTRICT HEADWATERS             | MET WITH ENGINEER- HAYS COUNTY AND CONTRACTORS TO DISCUSS  | 138.46                 | 60.00 | 0.00     | 0.00     | 198.46   |          |

**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                     | SVC DATE | COMP     | ADDRESS                 | NOTES   | LABOR  | EQUIP  | MAT'L | SUBCON | TOTAL  |
|---------------------------|----------|----------|-------------------------|---|--------|--------|-------|--------|--------|
| <b>WATER DISTRIBUTION</b> |          |          |                         |   |        |        |       |        |        |
| 357850A                   | 08/30/22 | 09/30/22 | 1798 HAZY HILLS LOOP    | EXISTING UTILITY PLANS FOR CONTRACTOR OF NEW BRIDGE. ADVISED THE, THAT CROSSROADS REQUIRES ACCESS TO MANHOLES AT ALL TIMES DURING CONSTRUCTION. | 11.87  | 7.50   | 0.00  | 0.00   | 19.37  |
| 357918A                   | 08/29/22 | 09/29/22 | 1825 HAZY HILLS LOOP    |   | 425.43 | 336.00 | 74.99 | 0.00   | 836.42 |
| 357997A                   | 08/30/22 | 09/30/22 | 1798 HAZY HILLS LOOP    |   | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   |
| 358000A                   | 08/30/22 | 09/30/22 | IN DISTRICT HEADWATERS  | PICKED UP LEAD/COPPER BOTTLES FROM CUSTOMERS.   | 11.87  | 7.50   | 0.00  | 0.00   | 19.37  |
| 358374A                   | 09/07/22 | 10/06/22 | 256 MOONLIT STREAM PASS | READ METER, WATER ON.   | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   |
| 358399A                   | 09/06/22 | 10/06/22 | 1717 HAZY HILLS LOOP    | TURNED WATER ON NEW CUSTOMER. SENT EMAIL.   | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   |
| 358602A                   | 09/07/22 | 10/06/22 | 1860 HAZY HILLS LOOP    | METER WORKING PROPERLY, INSTALLED END POINT #121408675. TAGGED DOOR.  | 11.87  | 7.50   | 0.00  | 0.00   | 19.37  |
| 358996A                   | 09/08/22 | 09/29/22 | 602 HAZY HILLS LOOP     | OPENED & CLOSED HYDRANT TO STOP LEAK. FOUND GASKET FROM NOZZLE BROKEN. REPLACED THE GASKET TO STOP LEAK.  | 321.57 | 126.00 | 9.29  | 0.00   | 456.86 |
| 359284A                   | 09/14/22 | 09/19/22 | 306 MOONLIT STREAM PASS | READ METER, WATER ON.   | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   |
| 359327A                   | 09/14/22 | 09/19/22 | 1730 HEADWATERS BLVD    | CHECKED FOR LEAKS --FOUND NO LEAKS. GOT READ TAGGED DOOR.   | 11.87  | 7.50   | 0.00  | 0.00   | 19.37  |
| 359465A                   | 09/29/22 | 10/04/22 | 1744 HEADWATERS BLVD    | TURNED WATER ON NEW CUSTOMER  | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   |

**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                     | SVC DATE | COMP     | ADDRESS                 | NOTES   | LABOR  | EQUIP | MATL   | SUBCON | TOTAL  |
|---------------------------|----------|----------|-------------------------|---|--------|-------|--------|--------|--------|
| <b>WATER DISTRIBUTION</b> |          |          |                         |   |        |       |        |        |        |
| 359499A                   | 09/14/22 | 09/29/22 | IN DISTRICT HEADWATERS  | REPLACED BROKEN CURBSTOP. WE HAD TO DIG UP METER BOX TO MAKE ROOM TO CRIMP LINE, THEN REPLACED THE ANGLE STOP AND BACKFILLED. | 176.07 | 84.00 | 196.11 | 0.00   | 456.18 |
| 359532A                   | 09/15/22 | 09/20/22 | 595 HAZY HILLS LOOP     | TAGGED DOOR RETURNED CHECK  | 11.87  | 7.50  | 0.00   | 0.00   | 19.37  |
| 359541A                   | 09/15/22 | 09/20/22 | 1177 SAGE THRASHER CIR  | TURNED WATER OFF-ACCOUNT FINAL, READ METER.   | 0.00   | 0.00  | 0.00   | 0.00   | 0.00   |
| 359615A                   | 09/14/22 | 09/19/22 | 1714 HEADWATERS BLVD    | INSTALLED ENDPOINT#121525429  | 0.00   | 0.00  | 0.00   | 0.00   | 0.00   |
| 359655A                   | 09/30/22 | 10/07/22 | 255 MOONLIT STREAM PASS | TURNED WATER ON NEW CUSTOMER  | 0.00   | 0.00  | 0.00   | 0.00   | 0.00   |
| 359827A                   | 09/10/22 | 10/07/22 | 143 TIERRA TRAIL        | MET WITH CUSTOMER - MAINT WENT TO SPEAK WITH CUSTOMER   | 9.99   | 0.00  | 0.00   | 0.00   | 9.99   |
| 359966A                   | 09/17/22 | 09/20/22 | 357 TIERRA TRAIL        | ADVISED CUSTOMER TO RUN OUTSIDE FAUCET TO CHECK IF ODOR IS STILL PRESENT.   | 19.97  | 0.00  | 0.00   | 0.00   | 19.97  |
| 359967A                   | 09/17/22 | 09/20/22 | IN DISTRICT HEADWATERS  | MAINTENANCE ADVISED LEAK WAS ON IRRIGATION SYSTEM. IRRIGATION TECH MADE LOCATION TO SE LEAK.                                  | 9.99   | 0.00  | 0.00   | 0.00   | 9.99   |
| 359968A                   | 09/17/22 | 09/20/22 | 357 TIERRA TRAIL        | CUSTOMER WAS TOLD TO CONTACT PLUMBER. ODOR IS ON THE INSIDE OF RESIDENCE.   | 9.99   | 0.00  | 0.00   | 0.00   | 9.99   |
| 360078A                   | 09/19/22 | 09/22/22 | 357 TIERRA TRAIL        | CHECKED WATER OUTSIDE NO ISSUES ON OUR END. SPOKE TO RESIDENT COULD BE PLUMBING ISSUES.                                       | 44.24  | 22.50 | 0.00   | 0.00   | 66.74  |
| 360136A                   | 09/20/22 | 09/22/22 | 1954 HEADWATERS BLVD    | READ METER, WATER ON.   | 0.00   | 0.00  | 0.00   | 0.00   | 0.00   |
| 360236A                   | 09/20/22 | 09/22/22 | 435 HAZY HILLS LOOP     | CHECKED FOR LEAKS --FOUND NO LEAKS.SHOWED 0.009=GPM. TAGGED DOOR.   | 11.87  | 7.50  | 0.00   | 0.00   | 19.37  |

**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                     | SVC DATE | COMP     | ADDRESS                            | NOTES  | LABOR  | EQUIP | MATL | SUBCON | TOTAL  |
|---------------------------|----------|----------|------------------------------------|--|--------|-------|------|--------|--------|
| <b>WATER DISTRIBUTION</b> |          |          |                                    |  |        |       |      |        |        |
| 360291A                   | 09/27/22 | 09/29/22 | F/H HEADWATERS<br>BLVD-ROUNDABOUT  | READ METER   | 11.87  | 7.50  | 0.00 | 0.00   | 19.37  |
| 360292A                   | 09/27/22 | 09/29/22 | F/H HEADWATERS<br>BLVD-MASTER COMM | READ METER   | 11.87  | 7.50  | 0.00 | 0.00   | 19.37  |
| 360293A                   | 09/27/22 | 09/29/22 | 1055 KIBO RIDGE-DOM                | READ METER   | 11.87  | 7.50  | 0.00 | 0.00   | 19.37  |
| 360294A                   | 09/27/22 | 09/29/22 | 1055 KIBO RIDGE-IRR                | READ METER   | 11.87  | 7.50  | 0.00 | 0.00   | 19.37  |
| 360602A                   | 09/23/22 | 09/27/22 | 229 MOONLIT STREAM PASS            | READ METER, WATER ON.  | 0.00   | 0.00  | 0.00 | 0.00   | 0.00   |
| 360603A                   | 09/23/22 | 09/27/22 | 1177 SAGE THRASHER CIR             | READ METER, WATER ON..   | 0.00   | 0.00  | 0.00 | 0.00   | 0.00   |
| 360617A                   | 09/23/22 | 09/27/22 | 1730 HEADWATERS BLVD               | NO LEAKS DETECTED, METER NOT<br>SPINNING. EVERYTHING NORMAL.   | 11.87  | 7.50  | 0.00 | 0.00   | 19.37  |
| 360679A                   | 09/23/22 | 09/27/22 | 1801 HEADWATERS BLVD               | INSTALLED METER AND ENDPOINT<br>#121408706   | 100.00 | 0.00  | 0.00 | 0.00   | 100.00 |
| 360922A                   | 09/26/22 | 09/28/22 | 1046 HAZY HILLS LOOP               | SPOKE WITH CUSTOMER ABOUT WATER<br>QUALITY ISSUE. HAVING OPERATOR<br>CHECK HOME AND POSSIBLY PULL<br>SAMPLE. | 25.96  | 0.00  | 0.00 | 0.00   | 25.96  |
| 360977A                   | 09/28/22 | 10/04/22 | 1120 HAZY HILLS LOOP               | TURNED WATER ON NEW CUSTOMER   | 0.00   | 0.00  | 0.00 | 0.00   | 0.00   |
| 361120A                   | 09/30/22 | 10/05/22 | 1778 HEADWATERS BLVD               | TURNED WATER ON NEW CUSTOMER   | 0.00   | 0.00  | 0.00 | 0.00   | 0.00   |
| 361445A                   | 10/03/22 | 10/07/22 | 1774 HAZY HILLS LOOP               | TURNED WATER ON NEW CUSTOMER   | 0.00   | 0.00  | 0.00 | 0.00   | 0.00   |
| 361506A                   | 10/01/22 | 10/04/22 | IN DISTRICT HEADWATERS             | CUSTOMER PROBLEM CUST NEEDS TO<br>SETUP SERVICES. JAVIER TRANSLATED  | 19.97  | 0.00  | 0.00 | 0.00   | 19.97  |
| 361833A                   | 10/05/22 | 10/07/22 | 1730 HAZY HILLS LOOP               | INSTALLED METER  | 100.00 | 0.00  | 0.00 | 0.00   | 100.00 |

**WATER DISTRIBUTION SUBTOTAL 2,562.34**



**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                      | SVC DATE | COMP     | ADDRESS                 | NOTES   | LABOR  | EQUIP | MAT'L | SUBCON | TOTAL  |
|----------------------------|----------|----------|-------------------------|---|--------|-------|-------|--------|--------|
| <b>INSPECTION SERVICES</b> |          |          |                         |   |        |       |       |        |        |
| 357606A                    | 08/30/22 | 09/30/22 | 913 SAGE THRASHER CIR   | BUILDER WATER/SEWER INSPECTION PASSED   | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 358419A                    | 09/06/22 | 10/06/22 | 1789 HAZY HILLS LOOP    | BUILDER WATER/SEWER INSPECTION PASSED. WAITING FOR METERS.                            | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 358420A                    | 09/06/22 | 10/06/22 | 1801 HAZY HILLS LOOP    | BUILDER WATER/SEWER INSPECTION PASSED. WAITING ON METERS.                             | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 358684A                    | 09/07/22 | 10/06/22 | 390 MOONLIT STREAM PASS | SEWER PASS/WATER FAIL. NOT PROPERLY SPACING FOR METER.                                | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 358685A                    | 09/07/22 | 10/06/22 | 549 MOONLIT STREAM PASS | BUILDER WATER/SEWER INSPECTION PASSED. WAITING ON METERS.                             | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 359419A                    | 09/14/22 | 09/19/22 | 1876 HEADWATERS BLVD    | BUILDER WATER/SEWER INSPECTION PASSED. WAITING FOR METERS.                            | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 359423A                    | 09/14/22 | 09/19/22 | 390 MOONLIT STREAM PASS | REINSPECT WATER PASSED WAITING ON METERS. - BACK CHARGE TO BUILDER                    | 100.00 | 0.00  | 0.00  | 0.00   | 100.00 |
| 359424A                    | 09/14/22 | 09/19/22 | 647 MOONLIT STREAM PASS | WATER PASSED/SEWER FAILED   | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 359425A                    | 09/14/22 | 09/19/22 | 1730 HAZY HILLS LOOP    | REINSPECTION WATER/SEWER PASSED. WAITING ON METERS TO INSTALL. BACK CHARGE TO BUILDER | 200.00 | 0.00  | 0.00  | 0.00   | 200.00 |
| 359716A                    | 09/20/22 | 09/22/22 | 195 SAGE THRASHER CIR   | BUILDER WATER/SEWER INSPECTION PASSED-PASSED WAITING ON METERS.                       | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 359900A                    | 09/21/22 | 09/30/22 | 625 MOONLIT STREAM PASS | WATER/SEWER PASSED-WAITING ON METERS.   | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 360324A                    | 09/21/22 | 09/30/22 | 689 MOONLIT STREAM PASS | BUILDER WATER/SEWER INSPECTION PASSED. WAITING ON METERS.                             | 125.00 | 0.00  | 0.00  | 0.00   | 125.00 |
| 360402A                    | 09/22/22 | 09/28/22 | 1740 HAZY HILLS LOOP    | REINSPECT WATER PASSED. WAITING ON METERS TO INSTALL. BACK CHARGE                     | 100.00 | 0.00  | 0.00  | 0.00   | 100.00 |

**BILLED - SERVICE ORDER SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                               | SVC DATE | COMP     | ADDRESS                  | NOTES   | LABOR  | EQUIP | MAT'L | SUBCON | TOTAL           |
|-------------------------------------|----------|----------|--------------------------|---|--------|-------|-------|--------|-----------------|
| <b>INSPECTION SERVICES</b>          |          |          |                          |   |        |       |       |        |                 |
| 360488A                             | 09/22/22 | 09/28/22 | 928 SAGE THRASHER CIRCLE | TO BUILDER<br>REINSPECT SEWER PASS/WATER FAIL.<br>NO CONNECTION TO METER ON<br>CUSTOMER SIDE. BACK CHARGE TO<br>BUILDER | 200.00 | 0.00  | 0.00  | 0.00   | 200.00          |
| 360614A                             | 09/23/22 | 09/27/22 | 570 MOONLIT STREAM PASS  | WATER PASSED/SEWER FAILED. SEWER<br>CONNECTION NOT VISIBLE.   | 125.00 | 0.00  | 0.00  | 0.00   | 125.00          |
| 360615A                             | 09/23/22 | 09/27/22 | 582 MOONLIT STREAM PASS  | WATER PASSED/SEWER FAILED. WATER<br>PASSED. SEWER CONNECTION NOT<br>VISIBLE.  | 125.00 | 0.00  | 0.00  | 0.00   | 125.00          |
| 360734A                             | 09/26/22 | 09/29/22 | 1897 HAZY HILLS LOOP     | BUILDER WATER/SEWER INSPECTION<br>PASSED - WAITING ON METERS.   | 125.00 | 0.00  | 0.00  | 0.00   | 125.00          |
| 360966A                             | 09/28/22 | 10/05/22 | 335 MOONLIT STREAM PASS  | BUILDER WATER/SEWER INSPECTION<br>PASSED  | 125.00 | 0.00  | 0.00  | 0.00   | 125.00          |
| 361322A                             | 09/30/22 | 10/05/22 | 928 SAGE THRASHER CIRCLE | REINSPECT WATER PASSED WAITING ON<br>METERS TO INSTALL. BACK CHARGE TO<br>BUILDER                                       | 100.00 | 0.00  | 0.00  | 0.00   | 100.00          |
| <b>INSPECTION SERVICES SUBTOTAL</b> |          |          |                          |   |        |       |       |        | <b>2,450.00</b> |
| <b>SEWER INSPECTION</b>             |          |          |                          |   |        |       |       |        |                 |
| 357602A                             | 08/30/22 | 09/30/22 | 901 SAGE THRASHER CIR    | REINSPECT SEWER PASSED. METER<br>AND ENDPOINT INSTALLED. BACK<br>CHARGE TO BUILDER                                      | 100.00 | 0.00  | 0.00  | 0.00   | 100.00          |
| 357604A                             | 08/30/22 | 09/30/22 | 1997 HEADWATERS BLVD     | REINSPECT SEWER PASSED. METER<br>INSTALLED. BACK CHARGE TO BUILDER  | 100.00 | 0.00  | 0.00  | 0.00   | 100.00          |
| <b>SEWER INSPECTION SUBTOTAL</b>    |          |          |                          |   |        |       |       |        | <b>200.00</b>   |

BILLED - SERVICE ORDER SUMMARY

BILLING CYCLE: OCTOBER 2022

|  |          |        |          |          |
|--|----------|--------|----------|----------|
| LABOR/EQUIPMENT/MATERIAL/SUBCON TOTALS | 4,718.99 | 993.00 | 9,542.25 | 1,151.50 |
|--|----------|--------|----------|----------|

|             |           |
|-------------|-----------|
| GRAND TOTAL | 16,405.74 |
|-------------|-----------|



# Crossroads

utility services

2601 Forest Creek Dr  
Round Rock, TX 78665-1232

Statement #: 8785

Page 1

## Statement

**Month:** OCTOBER 2022  
**Client:** Headwaters MUD  
**Statement Date:** 10/24/22

| Work Category         | Amount      |
|-----------------------|-------------|
| BASIC SERVICE         | \$9,260.06  |
| LIFT STATION          | \$1,933.34  |
| WATER DISTRIBUTION    | \$2,562.34  |
| INSPECTION SERVICES   | \$2,450.00  |
| SEWER INSPECTION      | \$200.00    |
|                       |             |
| Total This Statement: | \$16,405.74 |

## Invoice for Basic Service

### **Crossroads Utility Services**

2601 Forest Creek Dr.  
Round Rock, TX 78665  
Phone: 281-620-3986  
Fax:

**Client:**  
Headwaters MUD

**Billing Cycle:**  
OCTOBER

|   |                         |
|---|-------------------------|
| Account Management/Billing<br>683 @ \$7.00 EA | \$4,781.00              |
| Delinquents letter postage<br>58 @ \$0.57 EA  | \$33.06                 |
| Meeting Attendance                            | \$250.00                |
| Online Set-up Fees<br>196 @ \$1.00 EA         | \$196.00                |
| Operation Services up to 25 Connections       | \$4,000.00              |
| <b>Total BASIC SERVICE</b>                    | <hr/> <b>\$9,260.06</b> |

**BACKCHARGE SUMMARY**  
**BILLING CYCLE: OCTOBER 2022**  
**HEADWATERS MUD**

| S/O #                               | SVC DATE | COMP     | ADDRESS                  | NOTES  | LABOR  | EQUIP | MAT'L | SUBCON | TOTAL         |
|-------------------------------------|----------|----------|--------------------------|--|--------|-------|-------|--------|---------------|
| <b>INSPECTION SERVICES</b>          |          |          |                          |  |        |       |       |        |               |
| 359423A                             | 09/14/22 | 09/19/22 | 390 MOONLIT STREAM PASS  | REINSPECT WATER PASSED WAITING ON METERS. - BACK CHARGE TO BUILDER                               | 100.00 | 0.00  | 0.00  | 0.00   | 100.00        |
| 359425A                             | 09/14/22 | 09/19/22 | 1730 HAZY HILLS LOOP     | REINSPECTION WATER/SEWER PASSED. WAITING ON METERS TO INSTALL. BACK CHARGE TO BUILDER            | 200.00 | 0.00  | 0.00  | 0.00   | 200.00        |
| 360402A                             | 09/22/22 | 09/28/22 | 1740 HAZY HILLS LOOP     | REINSPECT WATER PASSED. WAITING ON METERS TO INSTALL. BACK CHARGE TO BUILDER                     | 100.00 | 0.00  | 0.00  | 0.00   | 100.00        |
| 360488A                             | 09/22/22 | 09/28/22 | 928 SAGE THRASHER CIRCLE | REINSPECT SEWER PASS/WATER FAIL. NO CONNECTION TO METER ON CUSTOMER SIDE. BACK CHARGE TO BUILDER | 200.00 | 0.00  | 0.00  | 0.00   | 200.00        |
| 361322A                             | 09/30/22 | 10/05/22 | 928 SAGE THRASHER CIRCLE | REINSPECT WATER PASSED WAITING ON METERS TO INSTALL. BACK CHARGE TO BUILDER                      | 100.00 | 0.00  | 0.00  | 0.00   | 100.00        |
| <b>INSPECTION SERVICES SUBTOTAL</b> |          |          |                          |  |        |       |       |        | <b>700.00</b> |
| <b>SEWER INSPECTION</b>             |          |          |                          |  |        |       |       |        |               |
| 357602A                             | 08/30/22 | 09/30/22 | 901 SAGE THRASHER CIR    | REINSPECT SEWER PASSED. METER AND ENDPOINT INSTALLED. BACK CHARGE TO BUILDER                     | 100.00 | 0.00  | 0.00  | 0.00   | 100.00        |
| 357604A                             | 08/30/22 | 09/30/22 | 1997 HEADWATERS BLVD     | REINSPECT SEWER PASSED. METER INSTALLED. BACK CHARGE TO BUILDER                                  | 100.00 | 0.00  | 0.00  | 0.00   | 100.00        |
| <b>SEWER INSPECTION SUBTOTAL</b>    |          |          |                          |  |        |       |       |        | <b>200.00</b> |

BACKCHARGE SUMMARY

BILLING CYCLE: OCTOBER 2022

| LABOR/EQUIPMENT/MATERIAL/SUBCON TOTALS | 900.00 | 0.00 | 0.00 | 0.00 |
|--|--------|------|------|------|
| GRAND TOTAL                            | 900.00 |      |      |      |

Crossroads Utility Services

Invoice Date: 10/24/22      Department: FACILITIES  
District: Headwaters MUD  
Location: Headwaters Commercial LS - Beverly

Inv # 8785-2  
BCycle OCTOBER 2022  
SvrOrd# 358593  
Page # 1

Reported By:      Telephone Number:  
Date Completed: 09/19/22      LIFT STATION  
Description of Work Performed:  
DIESEL TANK(S) FILLED

| Description          | Qty  | Price      | Amount   |
|----------------------|------|------------|----------|
| Subcontract          |      |            |          |
| 4REFUEL 438277       | 1.00 | 1,151.4950 | 1,151.50 |
| Subcontract          |      |            | 1,151.50 |
| Service Order Total: |      |            | 1,151.50 |





THE LEADER IN FUEL MANAGEMENT

4REFUEL US LLC  
1900 Enchanted Way, Suite 250  
Grapevine, TX 76051  
USA  
Phone: 844-473-3835

358513

Page: 1 of 1

Client Number C0CRO002  
Invoice Number 438277  
Invoice Date 9/14/2022  
Due Date 10/14/2022  
Payment Terms Net 30

Credit Department Contact  
email: USReceivables@4refuel.com

CROSSROADS (M)UTILITY(AUS)  
CROSSROAD UTILITY SERVICES  
2601 Forrest Creek Dr.  
Round Rock TX 78665

| Date     | Area   | Docket # | Product/Service            | Quantity                           | Description | Equip No                | Purchase Order # | Base Price        | Fuel Taxes | Price / Unit | Total         |
|----------|--------|----------|----------------------------|------------------------------------|-------------|-------------------------|------------------|-------------------|------------|--------------|---------------|
| 09/14/22 | AUSTIN | 184620   | MARKED DIESEL              | 178.5                              | GENERATOR   | GEN                     | 25463            | 4.7661            | 0.0031     | 4.7692       | 851.30        |
|          |        |          | <b>Total for GENERATOR</b> | <b>178.5</b>                       |             |                         |                  |                   |            |              | <b>851.30</b> |
| 09/14/22 | AUSTIN |          | \$135.00 SERVICE CHARGE    | 1.0                                |             |                         |                  | 135.0000          | 0.0000     | 135.00       | 135.00        |
| 09/14/22 | AUSTIN |          | ENVIRONMENTAL FEE          | 1.0                                |             |                         |                  | 15.0000           | 0.0000     | 15.0000      | 15.00         |
|          |        |          | <b>Total for</b>           | <b>0.0</b>                         |             |                         |                  |                   |            |              | <b>150.00</b> |
|          |        |          |                            | <b>Total Gallons of fuel 178.5</b> |             | Current Period Purchase |                  | <b>\$1,001.30</b> |            |              |               |
|          |        |          |                            |                                    |             | Amount Due              |                  | <b>\$1,001.30</b> |            |              |               |

invoicing@crossroadsus.com

|                            |            |          |
|----------------------------|------------|----------|
| Fuel Taxes Included Above: | per gallon | Total \$ |
| Federal Excise Tax         | 0.0031     | \$0.55   |
| Total Fuel Taxes           |            | \$0.55   |

**Please forward remittances to USpayments@4refuel.com**

Also note any pre-authorized payments will be withdrawn on the due date of the invoice

**Our service charges have been updated recently. Please refer to your Fuel Consultant to understand how these changes may affect you.**



Michael S.

Crossroads Utility Services

Invoice Date: 10/24/22      Department: METERS  
District: Headwaters MUD  
Location: 1825 HAZY HILLS LOOP

Inv # 8785-5  
BCycle OCTOBER 2022  
SvrOrd# 357918  
Page # 1

Reported By:      Telephone Number:  
Date Completed: 09/29/22      WATER DISTRIBUTION

Description of Work Performed:  
REPLACED BROKEN CURBSTOP. EXPOSED ANGLE STOP AND CRIMPED THE LINE TO THEN  
REPLACE THE 1" ANGLE STOP.

| Description                        | Qty  | Price   | Amount |
|------------------------------------|------|---------|--------|
| Material                           |      |         |        |
| 1" BRASS ANGLE STOP 3710KV13444WNL | 1.00 | 72.4270 | 72.43  |
| 1" INSERTS 3910152                 | 1.00 | 2.5645  | 2.56   |
| Material                           |      |         | 74.99  |
| Service Order Total:               |      |         | 74.99  |

## Crossroads Utility Services

Inv # 8785-6

BCycle OCTOBER 2022

SvrOrd# 358996

Page # 1

Invoice Date: 10/24/22 Department: HYDRANTS

District: Headwaters MUD

Location: 602 HAZY HILLS LOOP

Reported By:

Telephone Number:

Date Completed: 09/29/22

WATER DISTRIBUTION

### Description of Work Performed:

OPENED & CLOSED HYDRANT TO STOP LEAK. FOUND GASKET FROM NOZZLE BROKEN.  
REPLACED THE GASKET TO STOP LEAK.

| Description                 | Qty  | Price  | Amount      |
|-----------------------------|------|--------|-------------|
| <b>Material</b>             |      |        |             |
| KENNEDY 2.5 NOZZLE GASKET   | 1.00 | 9.2920 | 9.29        |
| <b>Material</b>             |      |        | <b>9.29</b> |
| <b>Service Order Total:</b> |      |        | <b>9.29</b> |

Crossroads Utility Services

Invoice Date: 10/24/22      Department: METERS  
District: Headwaters MUD  
Location: IN DISTRICT HEADWATERS

Inv # 8785-7  
BCycle OCTOBER 2022  
SvrOrd# 359499  
Page # 1

Reported By:      Telephone Number:  
Date Completed: 09/29/22      WATER DISTRIBUTION

Description of Work Performed:  
REPLACED BROKEN CURBSTOP. WE HAD TO DIG UP METER BOX TO MAKE ROOM TO CRIMP  
LINE, THEN REPLACED THE ANGLE STOP AND BACKFILLED.

| Description          | Qty  | Price    | Amount |
|----------------------|------|----------|--------|
| Material             |      |          |        |
| C & M R589771        | 1.00 | 196.1095 | 196.11 |
| Material             |      |          | 196.11 |
| Service Order Total: |      |          | 196.11 |



DUPLICATE  
**INVOICE**

1830 Craig Park Court  
St. Louis, MO 63146

Invoice # R589771  
Invoice Date 9/15/22  
Account # 194286  
Sales Rep MATTHEW DULOCK  
Phone # 512-990-8470  
Branch #160 Pflugerville, TX  
Total Amount Due \$170.53

Remit To:  
CORE & MAIN LP  
PO BOX 28330  
ST LOUIS, MO 63146

CROSSROADS UTILITY SVCS LLC  
2601 FOREST CREEK DR  
ROUND ROCK TX 78665 1232

Shipped To:  
CUSTOMER PICK-UP

-----  
Thank you for the opportunity to serve you! We appreciate your prompt payment.

| Date Ordered | Date Shipped | Customer PO # | Job Name   | Job # | Bill of Lading | Shipped Via | Invoice# |
|--------------|--------------|---------------|------------|-------|----------------|-------------|----------|
| 9/14/22      | 9/14/22      | PO#25632      | HAZY HILLS |       |                | WILL CALL   | R589771  |

| Product Code    | Description  | Quantity |         | B/O | Price     | UM | Extended Price |
|-----------------|--|----------|---------|-----|-----------|----|----------------|
|                 |  | Ordered  | Shipped |     |           |    |                |
| 3710BA43444WGNL | BA43-444WGNL 1 ANG BMV GJCTSX<br>MN W/LW (NO LEAD) | 1        | 1       |     | 168.30000 | EA | 168.30         |
| 3910I52         | #52 1 SS INSERT F/CTS PE                           | 1        | 1       |     | 2.23000   | EA | 2.23           |

| Freight | Delivery | Handling | Restock | Misc |
|---------|----------|----------|---------|------|
|---------|----------|----------|---------|------|

Terms: NET 30  
Ordered By: TYLER

|                |          |
|----------------|----------|
| Subtotal:      | 170.53   |
| Other:         | .00      |
| Tax:           | .00      |
| Invoice Total: | \$170.53 |

This transaction is governed by and subject to Core & Main's standard terms and conditions, which are incorporated by reference and accepted.  
To review these terms and conditions, please visit: <http://tandc.coreandmain.com/>

DSHS CENTRAL LAB MC2004  
P O BOX 149347

AUSTIN, TX 78714-9347

HEADWATERS AT BARTON CREEK (092022)  
ATTN GENE CHISUM  
2601 FOREST CREEK DR.  
ROUND ROCK, TX 78665

Account # CEN.CD6736\_092022 PWS ID#1050184 Date: 10/03/2022 Page:

*This is your statement for 2022*

| DESCRIPTION | Amount |
|-------------|--------|
|-------------|--------|

Charges this period -----> 115.70

Total Balance Due -----> 115.70

-----  
Account# CEN.CD6736\_092022

Please make checks payable to : DSHS CENTRAL LAB MC2004  
and include this statement with payment

Mail to : DSHS CENTRAL LAB MC2004  
P O BOX 149347  
AUSTIN, TX 78714-9347

Please feel free to contact DSHS CENTRAL LAB MC2004 billing department @ 512-776-7317 if you have been billed in  
error or if you have any questions concerning your statement. Thank you!

| DATE                | CPT#  | TICKET  | UNIT | LIST  | OPEN   | DESCRIPTION OF TEST             |
|---------------------|-------|---------|------|-------|--------|---------------------------------|
| TCEQ ID:2239954/ID# |       |         |      |       |        |                                 |
| 09/07/22            | EZZ00 | AG11703 | 1    | 8.74  | 8.74   | NITRATE, N (NO3-N)              |
| TCEQ ID:2255805/ID# |       |         |      |       |        |                                 |
| 09/07/22            | EZZ00 | AG11804 | 1    | 55.33 | 55.33  | HALOACETIC ACIDS, DW, EPA 552.2 |
| 09/07/22            | EZZ00 | AG11804 | 1    | 51.63 | 51.63  | TRICHALOMETHANES, DW, EPA 524.2 |
| TOTAL               |       |         |      |       | 115.70 |                                 |

Headwaters MUD - GOF  
6500 River Place Blvd  
Bldg 4 Ste 104  
Austin, TX 78730

| Date       | Ref. No. |
|------------|----------|
| 11/17/2022 | Transfer |

| Vendor   |
|--|
| Headwaters MUD - Bookkeepers<br>Account<br>6500 River Place Blvd<br>Bldg 4 Suite 104<br>Austin, TX 78730 |

|          |                                 |
|----------|---------------------------------|
| Bill Due | 11/27/2022                      |
| Terms    |                                 |
| Memo     | Transfer to Bookkeepers Account |

## Expenses

| Account     | Memo                               | Amount    | Customer:Job |
|-------------|------------------------------------|-----------|--------------|
| Bookkeepers | Transfer to Bookkeepers<br>Account | 19,854.10 |              |

Expense Total : 19,854.10

**Bill Total : \$19,854.10**



# Invoice

979-779-6505 fax

|            |           |
|------------|-----------|
| Date       | Invoice # |
| 10/21/2022 | 7948      |

|  |
|--|
| Bill To  |
| Headwaters MUD of Hays County<br>C/O Municipal Accounts & Consulting<br>6500 River Place BLVD Bldg 4 Ste 104<br>Austin, TX 78730 |

|  |
|--|
| Ship To  |
| Allen Engineering Group<br>David Allen<br>1101 S. Capital of Texas Hwy, Bldg D110<br>West Lake Hills, TX 78746 |

| P.O. Number | Terms          | Ship       | Via    |
|-------------|----------------|------------|--------|
| verbal      | Due on receipt | 10/21/2022 | GROUND |

| Quantity | Description                  | Unit | Unit Price | Amount |
|----------|------------------------------|------|------------|--------|
| 100      | Power-Loc Coupling .520-.620 | EA   | 1.10       | 110.00 |
|          | Shipping and Handling        |      | 19.85      | 19.85  |
|          | Sales Tax (0.0%)             |      |            | \$0.00 |

|  |              |          |
|--|--------------|----------|
| Late charges of 1.5% per month will be applied to any unpaid balance after due date. | <b>Total</b> | \$129.85 |
|--|--------------|----------|

**JONES - HEROY & ASSOCIATES, INC.**

13915 N. Mopac Expy  
Suite 408  
Austin, TX 78728

# Invoice

| Date       | Invoice # |
|------------|-----------|
| 10/20/2022 | 17685     |

| Bill To   |
|---|
| Headwaters MUD<br>Municipal Accounts & Consulting<br>6500 River Place Blvd<br>Bldg 4, Suite 104<br>Austin, TX 78730 |

| Project #      | Terms     |
|----------------|-----------|
| 0051-021 BI #3 | Bond Sale |

| Item  | Description   | Cont Amt  | Prior %                    | Curr %  | Total % | Amount                      |
|---|---|-----------|----------------------------|---------|---------|-----------------------------|
| 0051-021 BI #3  | Bond Application Draw<br>7/28/22: Bond application filing fee to TCEQ<br>8/2/22: Andale - Courier delivery of application to the TCEQ ( Split Cost) | 50,525.00 |                            | 100.00% | 100.00% | 50,525.00<br>500.00<br>6.33 |
| Thank you for your business and if you have any questions, please contact us at 512-989-2200. |   |           | Total<br>\$51,031.33       |         |         |                             |
|   |   |           | Balance Due<br>\$51,031.33 |         |         |                             |



Headwaters MUD  
6500 River Place Blvd  
Bldg 4, Suite 104  
Austin, TX 78730

**Total Outstanding Balance \$7,218.56**



CIVIL ENGINEERING ★ DEVELOPMENT CONSULTING ★ PROJECT MANAGEMENT

5113 Southwest Parkway , Suite 260 , Austin, TX 78735 Ph: 512-899-0601

**To:** Headwaters MUD of Hays County  
Taylor Kolmodin  
c/o Municipal Accounts & Consulting, LP

**Invoice Number** 22587  
**Date** 10/31/2022  
**Project Manager** Jesse B. Malone

**Project:** 17-007 Headwaters MUD

Professional Services provided through September 30, 2022

## Invoice Summary

| Description  | Current Billed |
|--|----------------|
| 001 Item J & K: Monthly MUD board meetings<br><i>Monthly MUD Board Meeting \$2,000 per meeting</i> | 2,000.00       |
| 002 General  | 470.00         |
| 003 Headwaters Commercial Subdivison MUD Review and Approval                                       | 0.00           |
| 004 Headwaters Comm Subdv Const Obsrv/Inspct for MUD facilities                                    | 0.00           |
| 005 Headwaters Apartments Site Plan Review and Approval  | 0.00           |
| 006 Headwaters Apts Site Plan Const Obsrv/Inspct for MUD facilities                                | 0.00           |
| 007 Item L - Master MUD Plan   | 0.00           |
| 008 Phase 1: 208 lots and 9WQ Ponds  | 0.00           |
| 009 Phase 2: 185 lots and 8WQ Ponds  | 0.00           |
| 010 Phase 3: 183 lots and 10WQ Ponds   | 0.00           |
| 011 Phase 4: 215 lots and 10WQ Ponds   | 0.00           |
| 012 Prepare TCEQ Bond Application  | 0.00           |
| 013 Misc (Lift Station Evaluation & Drip Field Coord. w/ design engineer and Survey)               | 0.00           |
| 014 Misc (Master Water Model Preparation for Phase 1)  | 0.00           |
| 015 Misc (Drafting of MUD Standards)   | 0.00           |
| 016 WWTP Phase 2 Review and Approval   | 0.00           |
| 017 MUD Water Usage Accounting   | 1,547.50       |
| 018 Skye Headwaters MUD Review   | 0.00           |
| 019 Skye Headwaters Construction Observations/Inspection for MUD Facilities                        | 0.00           |
| 020 WWTP Phase 2 Constr Observ/Inspect for MUD Facilities  | 0.00           |
| 021 WTCPUA SER Request (Addl. Commercial 350 LUEs)   | 0.00           |
| 022 TCEQ Exception Request   | 0.00           |
| 023 Headwaters Wholesale Water Customer MUD Designated Manager Support                             | 0.00           |
| 024 WWTP Phase 3 Review and Approval   | 0.00           |
| 025 Ridge at Headwaters Phase 2 MUD Review & Approval  | 0.00           |

This may not include disbursements and other charges incurred during the period shown but not yet reflected on our accounting records.

## Invoice Summary

| Description   | Current Billed        |
|---|-----------------------|
| 026 Ridge at Headwaters Phase 2 Construction Observation for MUD Facilities | 0.00                  |
| 027 Residential Irrigation LUE Reviews & WTCPUA Approval Support            | 0.00                  |
| 028 Headwaters Commercial West MUD Construction Phase Services              | 0.00                  |
| 029 TCEQ Emergency Preparedness Plan  | 0.00                  |
| Reimbursable Expenses   | 0.00                  |
|   | <b>Total 4,017.50</b> |

## Aging Summary

| Invoice Number | Invoice Date | Outstanding     | Current         | Over 30     | Over 60     | Over 90     | Over 120    |
|----------------|--------------|-----------------|-----------------|-------------|-------------|-------------|-------------|
| 22587          | 10/31/2022   | 4,017.50        | 4,017.50        |             |             |             |             |
|                | <b>Total</b> | <b>4,017.50</b> | <b>4,017.50</b> | <b>0.00</b> | <b>0.00</b> | <b>0.00</b> | <b>0.00</b> |

## Invoice Details: Percent Complete & Lump Sum Tasks

| Description  | Contract Amount | Percent Complete | Prior Billed      | Total Billed      | Remaining          | Remaining Percent | Current Billed  |
|--|-----------------|------------------|-------------------|-------------------|--------------------|-------------------|-----------------|
| 001 Item J & K: Monthly MUD board meetings           | 0.00            | 0.00             | 112,000.00        | 114,000.00        | -114,000.00        | 0.00              | 2,000.00        |
| <i>Monthly MUD Board Meeting \$2,000 per meeting</i> |                 |                  |                   |                   |                    |                   |                 |
| <b>Total</b>   | <b>0.00</b>     | <b>0.00</b>      | <b>112,000.00</b> | <b>114,000.00</b> | <b>-114,000.00</b> | <b>0.00</b>       | <b>2,000.00</b> |

Invoice Details: Time & Materials Items

002 General

Professional Fees

|                        | Hours | Rate   | Billed<br>Amount |
|------------------------|-------|--------|------------------|
| Senior Project Manager | 2.00  | 235.00 | 470.00           |
| Phase Subtotal         |       |        | 470.00           |

017 MUD Water Usage Accounting

Professional Fees

|                             | Hours | Rate   | Billed<br>Amount |
|-----------------------------|-------|--------|------------------|
| Senior Project Manager      | 1.00  | 235.00 | 235.00           |
| EIT 2 / Graduate Engineer 2 | 10.50 | 125.00 | 1,312.50         |
| Phase Subtotal              |       |        | 1,547.50         |
| Invoice total               |       |        | 4,017.50         |

Approved by: Jesse B. Malone, Principal

Terms: Due on Receipt

Please send your payment to our office, and indicate the Project Number and Invoice Number on your remittance. Thank you!

# Maxwebs Company

11004 Froke Cedar Trail  
Austin, TX 78750

## Invoice

| Date      | Invoice # |
|-----------|-----------|
| 11/2/2022 | 3136      |

Bill To

Headwaters MUD  
tkolmodin@municipalaccounts.com

| P.O. No.  | Terms  | Due Date  | Account # |         |
|---|--------|-----------|-----------|---------|
|   | Net 30 | 12/2/2022 | HWMUD     |         |
| Description   |        | Qty       | Rate      | Amount  |
| Hourly Subscription Site Update 1 (1/2 Hour Minimum)<br>10/17 post 10/20 agd      |        | 0.5       | 50.00     | 25.00   |
| Hourly Subscription Site Update 1 (1/2 Hour Minimum)<br>10/19 post Bdgt+tax order |        | 0.5       | 50.00     | 25.00   |
| <b>Total</b>  |        |           |           | \$50.00 |
| <b>Payments/Credits</b>   |        |           |           | \$0.00  |
| <b>Balance Due</b>  |        |           |           | \$50.00 |



**DATE:** October 24, 2022  
**INVOICE #** 467-2022

**THANK YOU FOR YOUR BUSINESS!**





## INVOICE

Invoice: 15420  
Invoice Date: 10/01/2022

### BILL TO

Headwaters MUD of Hays County  
C/O Municipal Accounts & Consulting  
6500 River Place Blvd  
Bldg 4, Suite 104  
Austin, TX 78730

### PROPERTY ADDRESS

Headwaters MUD of Hays County  
708 Headwaters Blvd.  
Dripping Springs, TX 78620

Phone:

### INVOICE

10/01/2022

### TERMS

Due on Receipt

### ACCOUNT MANAGER

Jesse Trevino

### DESCRIPTION

#23846 - Landscape Maintenance Contract October 2022

### PRICE

\$6,175.06

Subtotal: \$6,175.06

Sales Tax (.00%) \$0.00

**INVOICE TOTAL: \$6,175.06**

**Pay This Amount: \$6,175.06**

**Please use the new remittance address listed below when submitting payment:**

Sunscape Landscaping • PO Box 423 • Pflugerville, TX 78660

*Thank you for your business!!*



# Invoice

11120155  
10/20/2022

826 Linger Ln  
Austin TX 78721  
(512) 973-8484

**Bill To:**

Headwaters MUD of Hays County  
c/o Municipal Accounts & Consulting, L.P.  
6500 River Place Blvd., Bldg. 4, Ste. 104  
Austin TX 78730  
United States

**Service Location:**

Headwaters WWTP  
708 Headwaters Blvd.  
Dripping Springs TX 78620  
United States

| Terms  | Due Date   | PO # | Sales Rep |
|--------|------------|------|-----------|
| Net 30 | 11/30/2022 |      | House     |

| Service Date | Manifest   | Quantity | Item  | Rate     | Amount   |
|--------------|------------|----------|---|----------|----------|
| 10/20/2022   | 1228557 GB | 1        | Wastewater Treatment Plant Sludge Load                            | \$630.00 | \$630.00 |
| 10/20/2022   |            | 7,000    | Gallons of Sludge<br>Disposal Site: Austin WW Processing Facility |          |          |
| 10/21/2022   | 1227922 JG | 1        | Wastewater Treatment Plant Sludge Load                            | \$630.00 | \$630.00 |
| 10/21/2022   |            | 7,000    | Gallons of Sludge<br>Disposal Site: Austin WW Processing Facility |          |          |
|              |            | 1        | Environmental & Energy Recovery Fee                               |          | \$107.98 |
|              |            | 1        | Fuel Surcharge  |          | \$35.28  |

**Pay your bill online at:**

[www.wastewaterts.com](http://www.wastewaterts.com)

Customer ID: 117998

Remit To: 826 Linger Ln, Austin, TX 78721

For more information on fees and surcharges click [here](#).

**Invoice Total** \$1,403.26

**Invoice Balance** \$1,403.26

Thank you for doing business with us!  
We know the world is full of choices.  
Thanks for choosing us!



City of Austin / Travis County  
Austin Water  
Manifest / Trip Ticket for Hauled Liquid Wastes

Number: **1228557**

|   |  |  |   |                            |
|---|--|--|---|----------------------------|
| <b>Generator Info</b>   | Generator Name: <u>Headwaters WWA</u>  |  | Address: <u>708 Highway 1 Bldg</u>  |                            |
|   | City: <u>Dripping Spring</u>   | State: <u>TX</u>   | Zip Code: <u>78625</u>  | Phone: <u>512 622 9121</u> |
|   | 1. Indicate the waste type (check one) and, if applicable, the tank, interceptor or trap capacity: <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Chemical toilet / portable toilet waste<br/> <input checked="" type="checkbox"/> Wastewater treatment plant sludge<br/> <input type="checkbox"/> Other - specify source and type of waste: _____         </div> <div> <input type="checkbox"/> Wastewater from a mobile food vendor<br/> <input type="checkbox"/> Wastewater from sanitary sewer system<br/> <input type="checkbox"/> Food service grease interceptor or trap waste<br/> <input type="checkbox"/> Grit / mud / oil / lint interceptor or trap waste<br/> <input type="checkbox"/> Septic tank / sewage holding tank waste         </div> </div> |  |   |                            |
|   | 2. This section applies to any waste removed from food service grease interceptors or traps that are subject to Austin City Code specified pump-out frequency requirements. All food service grease interceptors or traps located within the City of Austin (COA) or located at any property that receives wastewater service from Austin Water must comply. If needed, contact Austin Water to obtain the requested COA Pollution Control Device ID.  |  |   |                            |
| <b>Transporter Info</b>   | a) Was this waste removed from a grease interceptor or trap that is subject to Austin City Code pump-out requirements? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If NO, skip b) through f) below:   |  |   |                            |
|   | b) COA Pollution Control Device ID: <input type="checkbox"/> unknown   |  | If ID unknown, provide device's GPS coordinates (in decimal degrees) below  |                            |
|   | c) Percent solids/grease (estimate): _____   |  | Latitude: <u>30</u> Longitude: <u>-97</u>   |                            |
|   | d) Is interceptor in good operating condition? <input type="checkbox"/> Yes <input type="checkbox"/> No  |  | If any interceptor problem or defect observed, please describe below  |                            |
|   | e) Is submission of pump-out report required? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  |   |                            |
|   | f) Pump-out reporting done by: <input type="checkbox"/> Generator <input type="checkbox"/> Hauler <input type="checkbox"/> N/A   |  | Name or initials of person reporting: _____   |                            |
|   | Gallons Removed: <u>7000</u>   |  | Date Removed: <u>10-20-22</u>   |                            |
|   | As the representative for the generator of this waste, I certify that the information provided is true and correct; and that this waste is to be transported to a facility authorized by the Texas Commission on Environmental Quality (TCEQ) to receive these wastes.   |  |   |                            |
|   | Printed Name: _____  |  | Signature: _____  |                            |
|   | Hauler Business Name: <u>Wastewater Transport Services, LLC</u><br>City: <u>826 Linger Lane</u> State: <u>Austin, Texas 78721</u><br>TCEQ Registration No.: <u>TCEQ#24343 COA#177</u><br>COA Permit No.: <u>(512) 973-8484</u>   |  | Address: _____<br>Zip Code: _____ Phone: _____<br>Vehicle License No.: <u>121ND</u><br>Date Relinquished: <u>10-20-22</u> |                            |
| <b>Transfer Info</b>  | As the representative for the transporter of this waste, I certify that the information provided is true and correct; and that this waste was collected in accordance with Title 30 of the Texas Administrative Code, Chapter 312, Subchapter G and the Austin City Code.  |  |   |                            |
|   | Printed Name: <u>G. Boon</u>   |  | Signature: <u>[Signature]</u>   |                            |
|   | <b>Note:</b> This section is for documenting transfers of wastes between vehicles operating under the same TCEQ Registration Number. The transfer of waste to any secondary transporter must be at a Type V facility that is either permitted by or registered with the TCEQ.  |  |   |                            |
|   | 1. Was this waste transferred <b>to</b> the vehicle identified above <b>from</b> a previous transporter vehicle? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If YES, indicate the previous Manifest / Trip Ticket No. here: _____  |  |   |                            |
|   | 2. Is this waste being transferred <b>from</b> the vehicle identified above <b>to</b> a different (new) transporter vehicle? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If YES, complete the section below for the vehicle <b>accepting</b> this waste, and <b>initiate a new Manifest / Trip Ticket</b> including the new "Transporter Info" and <b>the original</b> "Generator Info" (duplication of the generator's signature would not be required).  |  |   |                            |
|   | New Manifest / Trip Ticket No.: _____  |  | New Vehicle License No.: _____  |                            |
|   | Gallons Transferred: _____   |  | Transfer Date: _____  |                            |
|   | As the representative for the transporter <b>receiving this transferred waste</b> , I certify that the information provided is true and correct.   |  |   |                            |
|   | Printed Name: <u>Austin Wastewater Processing Facility</u>   |  | Signature: _____  |                            |
|   | <b>Receiver Info</b>   | Facility Name: <u>Wastewater Residuals Management, LLC</u>                 |   | Address: _____             |
| City: <u>800 Linger Ln</u>  |  | State: _____   | Zip Code: _____   | Phone: _____               |
| Check One: <input checked="" type="checkbox"/> Disposal site <input type="checkbox"/> Permitted transfer station<br><input type="checkbox"/> Registered transfer station  |  | TCEQ Type I or Type V Permit No.: _____<br>OR TCEQ Registration No.: _____ |   |                            |
| Gallons Received: <u>MSW Permit # 2384</u>  |  | Date Received: <u>10-20-22</u> Time Received: _____                        |   |                            |
| As the representative for the facility receiving this waste, I certify that: <ul style="list-style-type: none"> <li>The TCEQ has authorized this facility to accept the waste specified under "Generator Info" above;</li> <li>The waste was received by this facility on the date and time indicated; and</li> <li>The waste has been transferred, recycled or disposed of as required by the TCEQ authorization for this facility.</li> </ul> |  |  |   |                            |
| Printed Name: <u>Teresa Tedford</u>   |  | Signature: <u>[Signature]</u>  |   |                            |



City of Austin / Travis County  
Austin Water  
**Manifest / Trip Ticket for Hauled Liquid Wastes**

Number: **1227922**

|  |  |                               |   |                            |
|--|--|-------------------------------|---|----------------------------|
| <b>Generator Info</b>  | Generator Name: <u>Headwaters WWTP</u>   |                               | Address: <u>708 Headwaters Blvd</u>     |                            |
|  | City: <u>Dripping Spring</u>   | State: <u>TX</u>              | Zip Code: <u>78622</u>                  | Phone: <u>712-632-0131</u> |
|  | 1. Indicate the waste type (check one) and, if applicable, the tank, interceptor or trap capacity: <input type="checkbox"/> Food service grease interceptor or trap waste<br><input type="checkbox"/> Chemical toilet / portable toilet waste <input type="checkbox"/> Wastewater from a mobile food vendor <input type="checkbox"/> Grit / mud / oil / lint interceptor or trap waste<br><input checked="" type="checkbox"/> Wastewater treatment plant sludge <input type="checkbox"/> Wastewater from sanitary sewer system <input type="checkbox"/> Septic tank / sewage holding tank waste<br><input type="checkbox"/> Other - specify source and type of waste: _____ Tank, interceptor or trap capacity: _____ (gallons)  |                               |   |                            |
|  | 2. This section applies to any waste removed from food service grease interceptors or traps that are subject to Austin City Code specified pump-out frequency requirements. All food service grease interceptors or traps located within the City of Austin (COA) or located at any property that receives wastewater service from Austin Water must comply. If needed, contact Austin Water to obtain the requested COA Pollution Control Device ID.<br>a) Was this waste removed from a grease interceptor or trap that is subject to Austin City Code pump-out requirements? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If NO, skip b) through f) below:<br>b) COA Pollution Control Device ID: <input type="checkbox"/> unknown If ID unknown, provide device's GPS coordinates (in decimal degrees) below<br>c) Percent solids/grease (estimate): _____ Latitude: <u>30.</u> Longitude: <u>-97.</u><br>d) Is interceptor in good operating condition? <input type="checkbox"/> Yes <input type="checkbox"/> No If any interceptor problem or defect observed, please describe below<br>e) Is submission of pump-out report required? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>f) Pump-out reporting done by: <input type="checkbox"/> Generator <input type="checkbox"/> Hauler <input type="checkbox"/> N/A Name or initials of person reporting: _____ |                               |   |                            |
| Gallons Removed: <u>7000</u>   |  | Date Removed: <u>10-26-22</u> |   |                            |
| As the representative for the generator of this waste, I certify that the information provided is true and correct; and that this waste is to be transported to a facility authorized by the Texas Commission on Environmental Quality (TCEQ) to receive these wastes.   |  |                               |   |                            |
| Printed Name: _____  |  | Signature: _____              |   |                            |
| <b>Transporter Info</b>  | Hauler Business Name: <u>Wastewater Transport Services, LLC</u>  |                               | Address: _____                          |                            |
|  | City: <u>826 Linger Lane Austin, Texas 78721</u>   | State: _____                  | Zip Code: _____                         | Phone: _____               |
|  | TCEQ Registration No.: <u>COA Permit No.: TCEQ#24343 COA#177</u>   |                               | Vehicle License No.: <u>124Y419</u>     |                            |
|  | Gallons Transported: <u>7000</u>   |                               | Date Relinquished: <u>10-21-22</u>      |                            |
| As the representative for the transporter of this waste, I certify that the information provided is true and correct; and that this waste was collected in accordance with Title 30 of the Texas Administrative Code, Chapter 312, Subchapter G and the Austin City Code.  |  |                               |   |                            |
| Printed Name: <u>Teresa Graham</u>   |  | Signature: _____              |   |                            |
| <b>Transfer Info</b>   | <b>Note:</b> This section is for documenting transfers of wastes between vehicles operating under the same TCEQ Registration Number. The transfer of waste to any secondary transporter must be at a Type V facility that is either permitted by or registered with the TCEQ.  |                               |   |                            |
|  | 1. Was this waste transferred <b>to</b> the vehicle identified above <b>from</b> a previous transporter vehicle? _____ <input type="checkbox"/> Yes <input type="checkbox"/> No  |                               |   |                            |
|  | If YES, indicate the previous Manifest / Trip Ticket No. here: _____   |                               |   |                            |
|  | 2. Is this waste being transferred <b>from</b> the vehicle identified above <b>to</b> a different (new) transporter vehicle? _____ <input type="checkbox"/> Yes <input type="checkbox"/> No  |                               |   |                            |
|  | If YES, complete the section below for the vehicle <b>accepting</b> this waste, and <b>initiate a new Manifest / Trip Ticket</b> including the new "Transporter Info" and <b>the original</b> "Generator Info" (duplication of the generator's signature would not be required).   |                               |   |                            |
|  | New Manifest / Trip Ticket No.: _____  |                               | New Vehicle License No.: _____          |                            |
| Gallons Transferred: _____   |  | Transfer Date: _____          |   |                            |
| As the representative for the transporter receiving this transferred waste, I certify that the information provided is true and correct.   |  |                               |   |                            |
| Printed Name: _____  |  | Signature: _____              |   |                            |
| <b>Receiver Info</b>   | Facility Name: <u>Wastewater Residuals Management, LLC</u>   |                               | Address: _____                          |                            |
|  | City: <u>800 Linger Ln Austin, Texas 78721</u>   | State: _____                  | Zip Code: _____                         | Phone: _____               |
|  | Check One: <input type="checkbox"/> Disposal site <input type="checkbox"/> Permitted transfer station  |                               | TCEQ Type I or Type V Permit No.: _____ |                            |
|  | <input type="checkbox"/> Registered transfer station   |                               | OR TCEQ Registration No.: _____         |                            |
|  | Gallons Received: <u>7000</u>  |                               | Date Received: <u>10-20-22</u>          |                            |
|  | Time Received: _____   |                               |   |                            |
| As the representative for the facility receiving this waste, I certify that:   |  |                               |   |                            |
| <ul style="list-style-type: none"> <li>The TCEQ has authorized this facility to accept the waste specified under "Generator Info" above;</li> <li>The waste was received by this facility on the date and time indicated; and</li> <li>The waste has been transferred, recycled or disposed of as required by the TCEQ authorization for this facility.</li> </ul> |  |                               |   |                            |
| Printed Name: <u>Teresa Telford</u>  |  | Signature: _____              |   |                            |



**HEADWATERS  
IMPACT FEE PAYMENTS**  
**October 1, 2022**

| TAP# |  | DATE          | ADDRESS                 | HEADWATERS<br>IMPACT FEE<br>PAYMENT |
|------|--|---------------|-------------------------|-------------------------------------|
| 1    |  | <b>Oct-22</b> | 218 Crescent Moon Court | 6,139.00                            |
| 2    |  | <b>Oct-22</b> | 228 Crescent Moon Court | 6,139.00                            |
| 3    |  | <b>Oct-22</b> | 250 Crescent Moon Court | 6,139.00                            |
| 4    |  | <b>Oct-22</b> | 260 Crescent Moon Court | 6,139.00                            |
| 5    |  | <b>Oct-22</b> | 679 Moonlit Stream Pass | 6,139.00                            |
|      |  |               |                         | <hr/> 30,695.00 <hr/>               |



WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY  
13215 BEE CAVE PKWY  
BLDG B, STE 110  
BEE CAVE, TX 78738  
(512) 263-0125 or www.wtcpuia.org

Please make checks payable to WTCPUA

| Account Number      | AMOUNT DUE         |
|---------------------|--------------------|
| 290523-00059-00     | \$61,867.97        |
| Due Date            | After Due Date Pay |
| 11/30/2022          | \$64,961.37        |
| Service Address     |                    |
| 708 HEADWATERS Blvd |                    |
| Amount Enclosed     |                    |
|                     |                    |

HEADWATERS MUNICIPAL UTILITY DISTRICT  
C/O MUNICIPAL ACCOUNTS & CONSULTING LP  
6500 RIVER PLACE BLVD. BLDG. 4, STE. 104  
AUSTIN, TX 78730

WTCPUA  
13215 BEE CAVE PKWY  
BLDG B, STE 110  
BEE CAVE, TX 78738

There will be a charge on all returned checks.  
Please return this portion with your payment.  
When paying in person, please bring both portions of this bill.

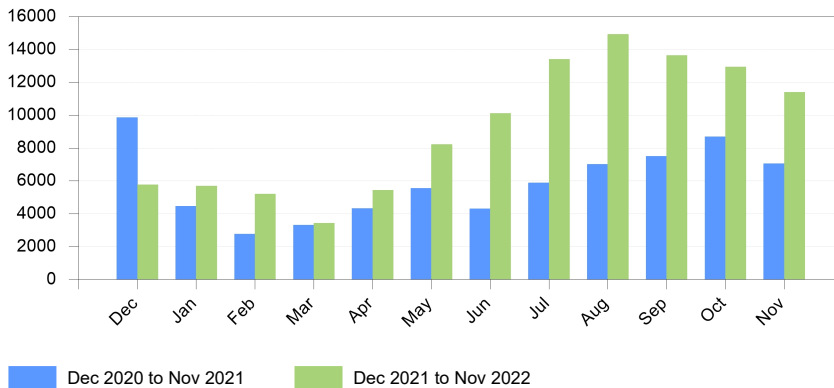
#### CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

| Name                                  |               | Service Address     |        |           | Account Number  |              |
|---------------------------------------|---------------|---------------------|--------|-----------|-----------------|--------------|
| HEADWATERS MUNICIPAL UTILITY DISTRICT |               | 708 HEADWATERS Blvd |        |           | 290523-00059-00 |              |
| Status                                | Service Dates |                     |        | Bill Date | Due Date        | Penalty Date |
|                                       | From          | To                  | # Days |           |                 |              |
| Active                                | 10/3/2022     | 11/1/2022           | 29     | 11/2/2022 | 11/30/2022      | 12/1/2022    |

|                        |               |
|------------------------|---------------|
| PREVIOUS BALANCE       | \$46,569.97   |
| PAYMENTS               | (\$46,569.97) |
| ADJUSTMENTS            | \$0.00        |
| PENALTIES              | \$0.00        |
| <b>PAST DUE AMOUNT</b> | <b>\$0.00</b> |

| METER #  | CURRENT READING | PREVIOUS READING | USAGE (In 1000 Gallons) |
|----------|-----------------|------------------|-------------------------|
| 56520972 | 304,471         | 293,072          | 11,399                  |

|                             |                    |
|-----------------------------|--------------------|
| Wholesale Water             | \$18,238.40        |
| Monthly Charge              | \$43,629.57        |
| <b>CURRENT BILL</b>         | <b>\$61,867.97</b> |
| <b>AMOUNT DUE</b>           | <b>\$61,867.97</b> |
| AMOUNT DUE AFTER 11/30/2022 | \$64,961.37        |



Hours of Operation - 8:00-12:00, 1:00-5:00 Mon-Fri