

## AGENDA

TO: THE BOARD OF DIRECTORS OF WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2, WILLIAMSON COUNTY, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of West Williamson County Municipal Utility District No. 2 will hold a special meeting on May 9, 2023, at 12:00 p.m., outside the boundaries of the District at the offices McLean & Howard, L.L.P., 4301 Bull Creek Road Suite 150, Austin, Texas 78731. The meeting will be held for the following purposes:

### **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 Packet:**

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

### **Meeting Topics:**

The meeting will be held for the following purposes:

1. Public Comment.
2. Consider and take action regarding approval of the minutes from the April 11, 2023, Board of Directors' meeting.
3. Consider and take action regarding Engineer's Report:
  - i. Plans and Specifications Approvals
  - ii. Construction Bid Awards
  - iii. Construction Pay Estimates
  - iv. Construction Change Orders
  - v. Construction Completion Approvals and Acceptances
  - vi. Award contracts
  - vii. Other Engineering Matters
4. Consider and take action regarding approval of proposal(s) for landscaping and other services to mitigate erosion and improve drainage at District water quality pond facilities and adjacent lands.
5. Consider and take action regarding potential sale and issuance of \$4,425,000 West Williamson County Municipal Utility District No. 2 Unlimited Tax Bonds, Series 2023 (the "Bonds"):

- a. Adopt Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters;
  - b. Authorize McCall Gibson Swedlund Barfoot PLLC to prepare Agreed Upon Procedures Report relating to disbursement of Bond proceeds and calculation of Developer Interest; and
  - c. Authorize such other action as may be necessary to proceed with the sale and issuance of the Bonds.
6. Discussion and possible action relating to collection of drainage fees.
7. Consider and take action regarding Bookkeepers Report and Payment of Bills and Invoices.

*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 512-328-2008 for further information.



MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF  
WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2  
Tuesday, April 11, 2023

STATE OF TEXAS                   §  
  §  
COUNTY OF WILLIAMSON       §

The Board of Directors of West Williamson County Municipal Utility District No. 2 (the “District”) held a special meeting, open to the public on Tuesday, April 11, 2023, at 12:00 p.m., outside the boundaries of the District, at the offices of McLean & Howard, L.L.P., at 4301 Bull Creek Road Suite 150, Austin, Texas 78731, and the roll was called of the directors of the Board, to-wit:

Justin Lange	President
Aaron Googins	Vice President
Brad Zamzow	Secretary
Joey Graham	Assistant Secretary
Alex Dagerl	Assistant Secretary

and all of said persons were present except Director Zamzow, thus constituting a quorum.

Also participating were Allen Douthitt of Bott & Douthitt, P.L.L.C.; Prakriti Ghimire of Jones-Heroy & Associates, Inc.; Lauren Smith from Public Finance Group, Inc.; and Anthony S. Corbett and Lauren Hughes of McLean & Howard, L.L.P.

1. The Board requested public comments. No public comments were received.
2. Mr. Douthitt presented the Bookkeeper’s Report to the Board. After discussion, Director Googins made a motion to approve the Bookkeeper’s Report, transfer of funds and the payment of bills and invoices as identified in the report and to authorize an increase in the amount of funds the Bookkeeper may disburse from the Bookkeeper’s Account from \$10,000 to \$50,000. Director Dagerl seconded the motion, which the Board passed unanimously (4-0). A copy of the Bookkeeper’s Report identifying the payments and transfer of funds approved by the Board is attached as an exhibit to these minutes.
3. The Board then considered approval of the minutes from the January 26, 2023, Board of Directors’ meeting. After discussion, Director Graham made a motion to approve the January 26, 2023, Board of Directors meeting minutes as presented. Director Dagerl seconded the motion, which the Board passed unanimously (4-0).
4. Ms. Ghimire presented the District Engineer’s report. She recommended the Board approve the following:

**Lively Tract Phase 4 (JHA No. 0210-015) Cash Construction Company (98% Complete):**

Change Order No. 1 for \$108,840.00 for construction plan revisions to Pond G.

After discussion, Director Lange made a motion to approve the above-referenced item in accordance with the Engineer's recommendation. Director Graham seconded the motion, which the Board passed unanimously (4-0).

Ms. Ghimire then presented a proposal from Aquatic Features, Inc., for Detention Pond Maintenance. After discussion, Director Googins made a motion to approve the proposal from Aquatic Features to cover all existing ponds and drainage channels within the District for \$6,625 per month, with a 5% increase in costs per year. Director Graham seconded the motion, which the Board passed unanimously (4-0). A copy of the Engineer's Report is attached as an exhibit to these minutes.

5. The Board then considered matters relating to the potential sale and issuance of West Williamson County Municipal Utility District No. 2 Unlimited Tax Bonds, Series 2023 (the "Bonds"). Ms. Smith provided a report relating to the proposed sale and issuance of the Bonds. After discussion, Director Graham made a motion to approve a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value. Director Dagel seconded the motion, which the Board passed unanimously (4-0). A copy of the Resolution is attached as an exhibit to these minutes.

6. The Board considered a request by Continental Homes of Texas, L.P. for refund of drainage fees prepaid for lots not purchased. Mr. Corbett reported that Lennar Homes of Texas was purchasing the same lots and had confirmed that it would pay the fees. After discussion, Director Dagel made a motion to approve the request. Director Graham seconded the motion, which the Board passed unanimously (4-0).

7. The Board then considered adoption of an Amended Order Adopting Drainage Fee and Related Rules. Mr. Corbett explained that the purposes of the amendment were to allow Drainage Fees to be paid at the time of building permit issuance. After discussion, Director Lange made a motion to approve the adoption of an Amended Order. Director Graham seconded the motion, which the Board passed unanimously (4-0). A copy of the Amended Order s attached as an exhibit to these minutes.

The Board adjourned the meeting at approximately 12:40 p.m.

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Secretary, Board of Directors  
(SEAL)

May 9, 2023

**To:** Board of Directors,  
West Williamson County Municipal Utility District No. 2

**From:** Chris Ulmann, P. E.  
Jones – Heroy & Associates, Inc.

**Subject:** West Williamson County Municipal Utility District No. 2 (District);  
Engineers Report for period ending May 1, 2023;  
JHA No. 0210-001

**Engineering Items** - We are pleased to present the following update on projects currently underway for the District:

**Lively Tract Phase 4 (JHA No. 0210-015) Cash Construction Company (98% Complete):**

The Board approved Pay Estimate No. 6 at the January 26, 2023 meeting and Change Order No. 1 at the April 11, 2023 meeting. We have received and **recommend approval** of the following:

- **Change Order No. 2** for **\$14,890.00** for the Pond C outfall relocation.

**Bond Application No. 5 (JHA No. 0210-017):**

The draft order and memo have been received. We submitted the required purchase of facilities request and will coordinate with the TCEQ regional staff on the inspection.

**Project Tracking:**

Project	SF Lots	JHA #	Contract Award	MUD Accepted
Phase 3	239	0210-013	08/03/2021	11/21/2022
Offsite WL Segment 2	N/A	0210-014	12/15/2021	12/01/2022
Phase 4	201	0210-015	08/02/2022	

\\JHAMain\jha.local\Shared\SJC- Projects\0210 W Will Co MUD 2\001 General\monthly reports\May2023 WWC2.docx

From: CASH CONSTRUCTION COMPANY, INC.  
217 KINGSTON LACY BLVD  
PFLUGERVILLE, TEXAS 78691

To: HWY 29 VENTURES 2015 L.P.  
4910 CAMPUS DRIVE  
NEWPORT BEACH, CA 92660

### CONSTRUCTION CHANGE ORDER

Project:

LIVELY TRACT PHASE 4 - UTILITY IMPROVEMENTS

Project No. :

989

Change Order No.:

2

Original Contract Amount:

\$4,218,239.00

Change Order Date:

04/06/2023

This Change Order:

\$14,890.00

Change Orders to Date:

\$108,840.00

Original Contract Amount Plus Change Orders:

\$4,341,969.00

CHANGE DATA: POND C OUTFALL RELOCATION

Item No.	Description (Including Reason)	Quantity	Unit	Unit Price	Amount
<b>Additional items and/or quantities:</b>					
1	Install 6" PVC	115.00	LF	\$92.00	\$10,580.00
2	Cut & Grout both ends of Existing 6' PVC	1.00	LS	\$3,110.00	\$3,110.00
3	Restoring and Revegetating Disturbed Work Area to Existing Conditions	1.00	LS	\$500.00	\$500.00
4	Silt Fence	140.00	LF	\$5.00	\$700.00
Total Change Order No. 2					\$14,890.00

PRICES EXCLUDE: MULCH SOCKS, BORES, SPOILS HAUL OFF, TELECOM, BONDS, IMPORTING TOPSOIL, ENGINEERING, HAZARDOUS MATERIALS HANDLING, SLOPE RETENTION, ROCK BERMS, AND ALL EROSION CONTROLS NOT LISTED.

Approved

by:



04/06/2023

Contractor's Representative

Date

Approved

by:



4/10/23

Engineer's Representative

Date

Approved

by:



4/10/23

HWY 29 VENTURES 2015 L.P.

Date

Recommended

by:



4/10/23

West Williamson County Municipal Utility District No. 2 District Engineer

Date

Approved by:

West Williamson County MUD 2

Date

**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT;  
AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL  
STATEMENT AND PUBLICATION OF A NOTICE OF SALE OF BONDS;  
AND APPROVING OTHER RELATED MATTERS**

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**WHEREAS**, West Williamson County Municipal Utility District No. 2 (the "District") has submitted an application to the Texas Commission on Environmental Quality ("TCEQ") requesting approval of the issuance of its \$4,425,000 Unlimited Tax Bonds, Series 2023 (the "Bonds") for the purpose or purposes of construction of, acquisition of and/or reimbursement for certain water, wastewater and drainage facilities serving the District; and

**WHEREAS**, the Board of Directors (the "Board") of the District has authorized the District's financial advisor, Public Finance Group LLC (the "Financial Advisor"), to prepare a Preliminary Official Statement, Official Notice of Sale and Official Bid Form (collectively, the "Preliminary Official Statement") for the issuance of Bonds; and

**WHEREAS**, the Board has reviewed the Preliminary Official Statement; and

**WHEREAS**, the Board deems it appropriate to approve the Preliminary Official Statement and authorize the distribution of the Preliminary Official Statement and the publication of the Notice of Sale as further set forth below.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 THAT:**

**Section 1. APPROVAL AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT.** The Board hereby approves the Preliminary Official Statement substantially in the form attached hereto as Exhibit "A" with such changes, additions, or deletions as directed by the Board. Subject to the receipt of the approval of the TCEQ, the Financial Advisor to the District is hereby authorized and directed to distribute the Preliminary Official Statement to potential purchasers of the Bonds and to do all things necessary to market the Bonds including making application to rating agencies and bond insurers as recommended by the Financial Advisor.

**Section 2. PUBLICATION OF NOTICE OF SALE.** Subject to the receipt of the approval of the TCEQ, the District's Bond Counsel, McCall, Parkhurst & Horton L.L.P., is hereby authorized to publish a Notice of Sale of the Bonds in substantially the form attached hereto as Exhibit "B" with such changes as approved by General Counsel to the District.

**Section 3. CONDITION OF SALE.** The District's Financial Advisor, General Counsel and Bond Counsel are hereby authorized to take all actions necessary in connection with Sections 1 and 2 of this Resolution, including completing or changing the locations, dates and times in Exhibit "B" attached hereto.



**Section 4.     OTHER MATTERS.** The President or Vice President and the Secretary or Assistant Secretary of the Board are authorized to do all things proper and necessary to carry out the intent hereof, including the approval of appropriate changes to the Preliminary Official Statement and the Notice of Sale, if necessary. In particular, the President or Vice President is authorized to execute any rating agency applications and any bond insurance commitment letters, if applicable.

**Section 5.     PAYMENT OF ATTORNEY GENERAL FEE.** The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.

## **EXHIBIT "A"**

### **Preliminary Official Statement**

[See Separate Tab of Transcript]

## EXHIBIT "B"

**NOTICE OF SALE**  
**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**UNLIMITED TAX BONDS, SERIES 2023**  
**(A political subdivision of the State of Texas located in Williamson County, Texas)**  
**\$4,425,000**

**Selling: Tuesday, June 20, 2023**  
**Bids Due: 10:00 AM, C.D.T.**

**Place and Time of Award:** The District will consider the award of the sale of the Bonds on Tuesday, June 20, 2023 at 12:00 PM, C.D.T., at the designated meeting place outside the boundaries of the District, at McLean & Howard, L.L.P., 4301 Bull Creek Road, Suite 150, Austin, Texas 78731. Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a Bank Cashier's Check in the amount of \$177,000 payable to the order of West Williamson County Municipal Utility District No. 2 as a good faith deposit to Public Finance Group LLC, 17128 Casanova Ave, Pflugerville, Texas 78660, by 10:00 AM, C.D.T. on the date of the sale.

Public Finance Group LLC 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").

**Electronic Bidding Procedures:** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between 9:00 AM, and 10:00 AM, C.D.T., on Tuesday, June 20, 2023 as described in the "Official Notice of Sale" described below.

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 Parity Customer Support, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, (212) 849-5021.

**Bids by Electronic Mail (only in the event PARITY is unavailable):** Any prospective bidder that intends to submit a bid by Electronic Mail, in the event PARITY is not functioning or unavailable, must submit its bid between 9:00 AM, C.D.T. and 10:00 AM, C.D.T., on the date of the bid opening. Electronic Mail bids to the attention of Cheryl Allen will be accepted at callen@publicfinancegrp.com. All bids must be submitted on the "Official Bid Form" without alteration or interlineations. Copies of the Official Bid Form accompany the Preliminary Official Statement.

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

**Information:** The Bonds are more completely described in the "Official Notice of Sale," "Official Bid Form" and the "Preliminary Official Statement," which may be obtained from Public Finance Group LLC, 500 West 2<sup>nd</sup> Street, Suite 1900, Austin, Texas 78701, Financial Advisor to the District.

The bidder whose bid is the winning bid in accordance with the "Official Notice of Sale" will be notified immediately by Public Finance Group LLC and must submit by electronic mail a Signed Official Bid Form by 10:30 AM C.D.T. on Tuesday, June 20, 2023 to Cheryl Allen, Public Finance Group LLC at callen@publicfinancegrp.com. Additionally, pursuant to Texas Government Code Section 2252.908, the District may not award the Bonds to the winning bidder unless the bidder either (i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295"), as prescribed by the Texas Ethics Commission, to the District, before the Board of Directors of the District formally votes to award the Bonds to the winning bidder, or (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or wholly owned subsidiary of a publicly traded business entity, in accordance with the "Official Notice of Sale."

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale," the "Preliminary Official Statement" and the "Official Bid Form."

Board of Directors  
West Williamson County Municipal Utility District No. 2

NEW ISSUE -BOOK-ENTRY-ONLY

Underlying Rating: Moody's "A" See "MUNICIPAL BOND RATINGS AND INSURANCE"

Delivery of the Bonds is subject to the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, to the effect that 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 of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.

\$4,425,000  
WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2  
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)  
UNLIMITED TAX BONDS, SERIES 2023

Dated: July 6, 2023

Due: September 1, as shown on the inside cover page

Interest on the \$4,425,000 West Williamson County Municipal Utility District No. 2 Unlimited Tax Bonds, Series 2023 (the "Bonds") will accrue from the Date of Initial Delivery, defined below, and is payable March 1, 2024 and each September 1 and March 1 thereafter until the earlier of maturity or 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/registrant for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds are obligations solely of West Williamson County Municipal Utility District No. 2 (the "District") and are not obligations of the City of Leander, Texas; Williamson County, Texas; the State of Texas; or any entity other than the District.

The District has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Bonds. The purchase of municipal bond insurance, if available, will be at the option and expense of the Initial Purchaser. See "MUNICIPAL BOND RATINGS AND INSURANCE."

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS,  
REDEMPTION PROVISIONS, AND CUSIP NUMBERS  
(see inside cover page)

The Bonds, when issued, will constitute valid and legally binding obligations of the District payable solely 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. See "THE BONDS - Source of and Security for Payment." This cover page contains information for quick reference only and is not a summary of the Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered by the initial purchaser (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 the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the District. Delivery of the Bonds in book-entry form is expected through the facilities of DTC on or about July 6, 2023 (the "Date of Initial Delivery") in Austin, Texas.

BIDS DUE: TUESDAY, JUNE 20, 2023 BY 10:00 A.M., C.D.T.  
AWARD EXPECTED: 12:00 P.M. C.D.T.

**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS**  
(Due September 1)

CUSIP Prefix: 95687D

Due	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>	Due	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>
2024	\$ 5,000	_____ %	_____ %	_____	2037 *	\$ 155,000	_____ %	_____ %	_____
2025	5,000	_____ %	_____ %	_____	2038 *	160,000	_____ %	_____ %	_____
2026	5,000	_____ %	_____ %	_____	2039 *	165,000	_____ %	_____ %	_____
2027	5,000	_____ %	_____ %	_____	2040 *	170,000	_____ %	_____ %	_____
2028	100,000	_____ %	_____ %	_____	2041 *	175,000	_____ %	_____ %	_____
2029	105,000	_____ %	_____ %	_____	2042 *	185,000	_____ %	_____ %	_____
2030	115,000	_____ %	_____ %	_____	2043 *	195,000	_____ %	_____ %	_____
2031 *	120,000	_____ %	_____ %	_____	2044 *	200,000	_____ %	_____ %	_____
2032 *	130,000	_____ %	_____ %	_____	2045 *	210,000	_____ %	_____ %	_____
2033 *	135,000	_____ %	_____ %	_____	2046 *	215,000	_____ %	_____ %	_____
2034 *	140,000	_____ %	_____ %	_____	2047 *	225,000	_____ %	_____ %	_____
2035 *	145,000	_____ %	_____ %	_____	2048 *	1,210,000	_____ %	_____ %	_____
2036 *	150,000	_____ %	_____ %	_____					

\* Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2031, in whole or from time to time in part, on September 1, 2030, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds may also be subject to mandatory sinking fund redemption if certain maturities of the Bonds are designated as term bonds (the “Term Bonds”). See “THE BONDS - Redemption.”

- (a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of \_\_\_\_\_ % of par, resulting in a net effective interest rate to the District of \_\_\_\_\_ %.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. 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 provided by CUSIP Global Services. None of the Initial Purchaser, the District, nor Public Finance Group LLC, the District’s financial advisor (the “Financial Advisor”) is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancements by investors that is applicable to all or a portion of certain maturities of the Bonds.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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 opinion, or that they will be realized.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof. However, the District has agreed to keep this "Official Statement" current by amendment or sticker to reflect material changes in the affairs of the District, to the extent that information actually comes to its attention, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating the Official Statement during Underwriting Period."

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES 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.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of \_\_\_\_\_ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of \_\_\_\_\_% of par. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

### Prices and Marketability

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 Initial Delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of municipal 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**

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the offer and sale of the Bonds has been filed with the SEC 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 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.

The statements contained in this Official Statement, and in other information provided by the District, that are not purely historical, are forward-looking statements, including regarding the District’s expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See “INVESTMENT CONSIDERATIONS – Forward-Looking Statements.”

#### **MUNICIPAL BOND RATINGS AND INSURANCE**

In connection with the sale of the Bonds, the District applied to Moody’s Investors Service, Inc. (“Moody’s”) for a municipal bond rating and has received a “” underlying rating.

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgment of such company, circumstance warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District has applied for an insurance policy insuring the timely payment of the principal of and interest on the Bonds and has qualified for such insurance. The purchaser of such insurance and the payment of all associated costs will be at the option and expense of the Initial Purchaser.

*[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. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Investment in the Bonds is subject to certain risk factors. See “INVESTMENT CONSIDERATIONS.”

### THE DISTRICT

The District.....	West Williamson County Municipal Utility District No. 2 (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 April 27, 2015, and confirmed pursuant to an election held within the District on November 3, 2015. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to 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. The District also has road powers under Section 54.234 of the Texas Water Code. The District contains approximately 437.04 acres. See “THE DISTRICT – General.”
Location .....	The District is located entirely within the extraterritorial jurisdiction of the City of Leander, Texas (“Leander” or the “City”), and is situated approximately 5 miles northeast of the City. The District is located between Leander and the City of Georgetown (“Georgetown”) on the southern side of Highway 29 at the intersection with Lively Ranch Road. Highway 29 provides access to the District. See “LOCATION MAP” and “THE DISTRICT - Location.”
The Developer.....	The developer currently active within the District is Hwy 29 Ventures 2015 LP, a Delaware limited partnership (the “Developer”). The general partner of Hwy 29 Ventures is Sentinel Lively GP, LLC, a Texas limited liability company, which is managed by Thomas J. Rielly. Hwy 29 Ventures owns approximately 32.35 acres in the District that are planned for additional residential development. Sentinel Land Company, LLC, a Texas limited liability company and an affiliate of the Developer, is the operating entity of Thomas Rielly and David Nairne. See “THE DEVELOPER.”
Status of Development .....	The District contains approximately 437.04 acres, of which approximately 351.091 acres are developable. As of April 20, 2023, approximately 277.686 acres of land, which includes approximately 64.947 acres of open space, have been developed with utility facilities as the single family residential subdivision Lively Ranch Phase I, Sections 2, 3, 4, 5, 6, 7, 8, 9, and 10, Lively Ranch Phase II, Lively Ranch Phase III, and Lively Phase IV, which encompass a total of 907 single-family lots, which include 462 completed homes, no homes under construction, and 445 vacant single-family lots. Currently, there are approximately 15.872 remaining developable acres for future single-family development. Development within the District additionally includes a 3,000 square foot amenity center, which includes a pool, kitchen, and fitness facilities. Approximately 56.762 acres (or 12.98% of the approximately 437.04 acres) will be designated as open space, recreational facilities, and parks. Approximately 68.32 acres will be designated easements, ROWs, and roads. The remaining approximately 18.40 acres are located within the flood plain. See “THE DISTRICT – Historical and Current Status of Development.”
Homebuilders .....	Continental Homes of Texas (“Continental Homes”) is currently the only active homebuilder within the District. New homes in the District range in price from approximately \$547,000 to \$684,000 with square footage ranging from approximately 2,291 to 3,395. See “THE DEVELOPER – Homebuilder within the District.”

## THE BONDS

Description .....	The Bonds in the aggregate principal amount of \$4,425,000 mature serially in varying amounts on September 1 of each year from 2024 through 2048, inclusive, as set forth on the inside cover page hereof unless the Initial Purchaser elects to designate two or more maturities as term Bonds. Interest accrues from the Date of Initial Delivery (on or about July 6, 2023) at the rates per annum set forth on the inside cover page hereof and is payable March 1, 2024 and each September 1 and March 1 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 September 1, 2031, in whole or from time to time in part, on September 1, 2030, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds may also be subject to mandatory sinking fund redemption if the Initial Purchaser elects to aggregate two or more 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, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAXING PROCEDURES.” <b>The Bonds are obligations solely of the District and are not obligations of the City of Leander, Texas; Williamson County, Texas; the State of Texas; or any entity other than the District.</b> See “THE BONDS - Source of and Security for Payment.”
Payment Record .....	The Bonds constitute the fifth (5 <sup>th</sup> ) installment of new money unlimited tax bonds issued by the District. The District has never defaulted on the timely payment of principal of and interest on its previously issued obligations, entitled: “\$2,600,000 Unlimited Tax Bonds, Series 2019,” “\$4,000,000 Unlimited Tax Bonds, Series 2020,” “\$2,350,000 Unlimited Tax Bonds, Series 2021,” and its “\$6,325,000 Unlimited Tax Bonds, Series 2022,” the proceeds of which included up to twenty-four (24) months of capitalized interest. After the issuance of the Bonds, the District will have \$19,365,000 aggregate principal amount of bonds outstanding (the “Outstanding Bonds”). See “FINANCIAL STATEMENT - Outstanding Bonds – Table 6.”
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, as amended; a bond election held within the District on November 3, 2015; the approving order of the TCEQ; and an order adopted by the Board of Directors of the District authorizing the sale of the Bonds on the date of the sale of the Bonds (the “Bond Order”). See “THE BONDS - Authority for Issuance.”
Use of Proceeds.....	<p>The proceeds of the Bonds will be used to finance: (i) water, wastewater, and drainage facilities to serve Lively Tract Phase I, Sections 7 through 10; and (ii) water, wastewater, and drainage facilities to serve Lively Tract Phase II.</p> <p>The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four (24) months' interest requirements on the Bonds; (ii) pay developer interest; (iii) pay certain engineering costs; and (iv) pay other costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”</p>
Bonds Authorized But Unissued.....	At an election held within the District on November 3, 2015, voters within the District authorized a total of \$98,700,000 in aggregate principal amount of new money unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities. The Bonds constitute the fifth (5 <sup>th</sup> ) installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$79,000,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater, and drainage facilities. Additionally, at the election held in the District on November 3, 2015, the voters within the District approved the issuance of unlimited tax bonds in the aggregate principal amount of \$18,610,000 for the purpose of acquiring or constructing park and recreational facilities; \$8,745,000 in aggregate principal amount of new money bonds for the purpose of acquiring or constructing road facilities; and \$189,082,500 in aggregate principal amount for refunding bonds, all of which remains authorized but unissued. See “FINANCIAL STATEMENT - Outstanding Bonds – Table 6” and “THE BONDS – Issuance of Additional Debt.”

Municipal Bond Ratings and Insurance .....	In connection with the sale of the Bonds, the District has applied to Moody’s Investors Service, Inc. (“Moody’s”) for a municipal bond rating and has received a “ <span style="background-color: yellow;">      </span> ” underlying rating. The District has applied for an insurance policy insuring the timely payment of the principal of and interest on the Bonds and has qualified for such insurance. The purchase of such insurance and the payment of all associated costs will be at the option and expense of the Initial Purchaser.
Qualified Tax-Exempt Obligations .....	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 will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2023 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions.”
General Counsel .....	McLean & Howard L.L.P., Austin, Texas.
Bond Counsel and Disclosure Counsel .....	McCall, Parkhurst & Horton L.L.P., Austin, Texas.
Financial Advisor .....	Public Finance Group LLC, Austin, Texas.
Engineer .....	Jones-Heroy & Associates, Inc., Austin, Texas.
Paying Agent / Registrar .....	UMB Bank, N.A., Austin, Texas.

#### **INVESTMENT CONSIDERATIONS**

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

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

# SELECTED FINANCIAL INFORMATION

(Unaudited)

2022 Certified Assessed Valuation		\$	134,817,499	(a)
2023 Preliminary Assessed Valuation		\$	216,366,797	(b)
Estimated Assessed Valuation as of April 20, 2023		\$	-	(c)
Gross Debt Outstanding (after issuance of the Bonds)		\$	19,365,000	(d)
Ratio of Gross Debt to 2022 Certified Assessed Valuation			14.36%	
Ratio of Gross Debt to 2023 Preliminary Assessed Valuation			8.95%	
Ratio of Gross Debt to Estimated Assessed Valuation as of April 20, 2023			#DIV/0!	
2022 Tax Rate				
	Debt Service	\$	0.2900	
	Maintenance		0.5330	
	<b>Total 2022 Tax Rate</b>		<u><u>0.8230</u></u>	(e)
Debt Service Fund Balance (as of April 11, 2023)		\$	964,381	(f)
Percentage of current tax collections (Tax Years 2016-2022)			99.77%	(g)
Percentage of total tax collections (Tax Years 2016-2022)			99.77%	(g)
Projected Average Annual Debt Service Requirement of the Bonds and the Outstanding Bonds ("Projected Average Requirement") (2024-2048, inclusive)		\$	1,228,482	(h)
Tax Rate required to pay Projected Average Requirement based upon 2022 Certified Assessed Valuation at 95% collections		\$	0.96 /\$100 AV	
Tax Rate required to pay Projected Average Requirement based upon 2023 Preliminary Assessed Valuation at 95% collections		\$	0.60 /\$100 AV	
Tax Rate required to pay Projected Average Requirement based upon the Estimated Assessed Valuation as of April 20, 2023 at 95% collections			#DIV/0! /\$100 AV	
Projected Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds ("Projected Maximum Requirement") (2032)		\$	1,269,887	(h)
Tax Rate required to pay Projected Maximum Requirement based upon 2022 Certified Assessed Valuation at 95% collections		\$	1.00 /\$100 AV	
Tax Rate required to pay Projected Maximum Requirement based upon 2023 Preliminary Assessed Valuation at 95% collections		\$	0.62 /\$100 AV	
Tax Rate required to pay Projected Maximum Requirement based upon the Estimated Assessed Valuation as of April 20, 2023 at 95% collections			#DIV/0! /\$100 AV	
Number of active connections as of April 20, 2023				
Single Family - Complete & Occupied			462	
Single Family - Builder & Vacant			<u>445</u>	
<b>Total Number of Active Connections</b>			<b>907</b>	
Estimated Population as of April 20, 2023			1,386	(i)

[Footnotes appear on the following page]

- (a) The certified assessed valuation as of January 1, 2022, as provided by the Williamson Central Appraisal District ("WCAD"). See "TAXING PROCEDURES."
- (b) The preliminary assessed valuation as of January 1, 2023, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this preliminary assessed valuation unless it is certified by WCAD. See "TAXING PROCEDURES."
- (c) The estimated assessed valuation as of April 20, 2023, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this estimated assessed valuation unless it is certified by WCAD. See "TAXING PROCEDURES."
- (d) Includes the Bonds.
- (e) The District's Board, at its meeting in September 2022, levied a total tax rate of \$0.8230, including a \$0.2900 debt service tax rate and a \$0.5330 maintenance and operations tax rate. See "TAX DATA."
- (f) Unaudited as of April 20, 2023. Does not include approximately twenty-four (24) months of capitalized interest (approximately \$420,375 at an interest rate of 4.75%) which is projected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District's Debt Service Fund.
- (g) See "TAX DATA – Tax Collections."
- (h) See "PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3."
- (i) Based upon 3.0 residents per completed and occupied single family home.

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

**PRELIMINARY OFFICIAL STATEMENT**  
**relating to**  
**\$4,425,000**  
**West Williamson County Municipal Utility District No. 2**  
**(A Political Subdivision of the State of Texas Located in Williamson County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2023**

**INTRODUCTION**

This Preliminary Official Statement provides certain information in connection with the issuance by West Williamson County Municipal Utility District No. 2 (the “District”), a political subdivision of the State of Texas (the “State”), of its \$4,425,000 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 authorizing the issuance of the Bonds (the “Bond Order”); 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 Preliminary Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Preliminary Official Statement are descriptions of the Bonds, the Developer (defined herein), 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., 4301 Bull Creek Road, Suite 150, Austin, Texas 78731, or from the District’s Financial Advisor, Public Finance Group LLC, 500 West 2<sup>nd</sup> Street, Suite 1900, Austin, Texas 78701, upon payment of reasonable copying, mailing and handling charges.

This Preliminary Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See “CONTINUING DISCLOSURE OF INFORMATION” and “OFFICIAL STATEMENT – Updating the Official Statement during Underwriting Period” for a description of the District undertaking to provide certain information on a continuing basis.

**THE BONDS**

**General Description**

The Bonds will bear interest from the Date of Initial Delivery (on or about July 6, 2023) and will mature on September 1 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 be paid on March 1, 2024 and each September 1 and March 1 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 and registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

**Redemption**

*Optional Redemption...* The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2031, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

*Mandatory Sinking Fund Redemption....* In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1, \_\_\_\_ and September 1, \_\_\_\_ (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

\$ _____ Term Bond Maturing September 1, ____ *	
Mandatory Redemption Date	Principal Amount

\$ _____ Term Bond Maturing September 1, ____ *	
Mandatory Redemption Date	Principal Amount

\*Stated Maturity

The principal amount of the Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

*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, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45<sup>th</sup> 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.

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 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.

#### **Selection of Bonds for Redemption**

If less than all of the Bonds are called for redemption, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment in the case of the Term Bonds, is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of the Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate and such sinking fund installment in the case of the Term Bonds shall be selected in accordance with the arrangements between the District and the securities depository.

#### **DTC Redemption Provision**

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of optional 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 ("Book-Entry-Only-System"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

*Payment . . .* Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds falls on 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 that payment was due.

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

*Limitation on Transfer of Bonds . . .* Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15<sup>th</sup>) 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 3, 2015, voters within the District authorized a total of \$98,700,000 in aggregate principal amount of new money unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities. The Bonds constitute the fifth (5<sup>th</sup>) installment of bonds issued by the District for such purposes. After the issuance of the Bonds, the District will have \$79,000,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for the purpose of acquiring and constructing water, wastewater, and drainage facilities to serve the District. Additionally, at the election on November 3, 2015, the voters within the District approved the issuance of unlimited tax bonds in the aggregate principal amount of \$18,610,000 for the purpose of acquiring or constructing park and recreational facilities; \$8,745,000 in aggregate principal amount of bonds for the purpose of acquiring or constructing road facilities; and \$189,082,500 in aggregate principal amount for refunding bonds, all of which remains authorized but unissued. Pursuant to the Consent and Development Agreement, defined herein, the total principal amount of new money bonds issued by the District cannot exceed \$70,000,000 without prior approval of the City of Leander, Texas (the "City" or "Leander").

The Bonds are issued pursuant to the election held within the District on November 3, 2015; 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. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to 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. The Bond Order provides for the termination of the pledge of taxes when and if the City annexes and dissolves the District and assumes all debts and liabilities of the District. See "THE BONDS – Annexation."

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

## **Payment Record**

The Bonds constitute the fifth (5<sup>th</sup>) installment of unlimited tax bonds issued by the District. The District has never defaulted on the timely payment of principal of and interest on its previously issued obligations, entitled: "\$2,600,000 Unlimited Tax Bonds, Series 2019," "\$4,000,000 Unlimited Tax Bonds, Series 2020," "\$2,350,000 Unlimited Tax Bonds, Series 2021," and "\$6,325,000 Unlimited Tax Bonds, Series 2022," the proceeds of which included up to twenty-four (24) months of capitalized interest. After the issuance of the Bonds, the District will have \$19,365,000 aggregate principal amount of bonds outstanding (the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6."

## **Flow of Funds**

The Bond Order creates or confirms a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart on the books and record of the District 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 owners 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 the State 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 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 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 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.

## **Paying Agent/Registrar**

Principal of and semiannual interest on the Bonds will be paid by the initial Paying Agent/Registrar, UMB Bank, N.A., having an office for payment in Austin, Texas. Any 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.

### **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 and the District will have no further responsibility with respect to the payment of such Defeased Bonds including any insufficiency to receive payments when due on the Defeased Securities.

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 provides 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 provides 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.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

*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 Bond.

*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.

#### **Record Date**

The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) 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, if applicable, and, in the case of bonds payable from taxes, the District's voters. At an election held within the District on November 3, 2015, voters within the District authorized a total of \$98,700,000 in aggregate principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities. After issuance of the Bonds, the District will have \$79,000,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for such purposes. Additionally, at an election on November 3, 2015, the voters within the District approved the issuance of unlimited tax bonds in the aggregate principal amount of \$18,610,000 for the purpose of acquiring or constructing park and recreational facilities; \$8,745,000 in aggregate principal amount of new money bonds for the purpose of acquiring or constructing road facilities; and \$189,082,500 in aggregate principal amount for refunding bonds, all of which remains authorized but unissued.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes, subject to certain conditions. The amount of unlimited tax bonds issued by the District is limited by the Consent and Development Agreement, defined herein, which provides that the total principal amount of unlimited tax new money bonds to be issued by the District is limited to \$70,000,000, unless otherwise agreed to by the City. The principal amount of park bonds sold by the District is limited to 1% of the District's assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Any additional bonds issued by the District may dilute the security for the 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 for the Bonds.

The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

#### **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. See "MUNICIPAL BOND RATINGS AND INSURANCE."

The Bonds are not rated and 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 covenants 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 additionally covenants 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 54 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 April 1, 2016, the Texas Supreme Court ruled in *Wasson Interest, Ltd. vs. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) (“*Wasson I*”), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion clarifying *Wasson I*, *Wasson Interest, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) (“*Wasson II*,” and together with *Wasson I*, “*Wasson*”), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated on the facts and circumstances surrounding the contract in question. 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 that of any other district.

### **Annexation**

The District is located entirely within the extraterritorial jurisdiction of the City. Generally, under current Texas law, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains the consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election 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% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of April 20, 2023, the District had an estimated population of 1,386, thus triggering the voter approval and/or landowner consent requirements discussed above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District.

Under the “Agreement Regarding Consent to Creation of Municipal Utility District and Development of the Lively Tract” entered into by the City of Leander, Sentinel Land Company, LLC (“Sentinel”) and the District, last executed on June 10, 2015 (the “Consent and Development Agreement”), the City of Leander retained unilateral discretion to decide whether to annex or dissolve the District, in whole or in part, provided that, if the City makes such decision to annex or to dissolve the District, in whole or in part, the City shall do so only in the event of an uncured material default by the Developer (defined herein) and/or the District after notice and an opportunity to cure the default. Otherwise, the Consent and Development Agreement provides that the District may annex or dissolve the District in compliance with state law, no earlier than (i) the date at least ninety percent (90%) by dollar amount of the total park, road, water, wastewater and drainage facilities for which the District bonds may be authorized have been constructed and (ii) Developer has been fully reimbursed by the District for such requisite percentage of the District’s facilities in accordance with the rules of the TCEQ. Further, except in the event of an uncured material default after notice and opportunity to cure, the Consent and Development Agreement provides that the City will not annex the District prior to fifteen (15) years after the effective date of the agreement.

If the District is full purpose annexed, the City must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution of the District or the ability of the City to make debt service payments on the Bonds should dissolution 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’s simultaneous annexation of 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 will effect any change in its boundaries.

### **Approval of the Bonds**

The TCEQ approved the issuance of the Bonds by an order signed on [REDACTED] (the “TCEQ Order”).

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.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Financial Advisor takes any responsibility for the accuracy thereof.

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## USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance: (i) water, wastewater, and drainage facilities serving Lively Tract Phase I, Sections 7 – 10 and (ii) the water, wastewater, and drainage facilities serving Lively Tract Phase II. The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four (24) months' interest requirements on the Bonds; (ii) pay developer interest; (iii) pay certain engineering costs; and (iv) pay other costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$3,255,638 is estimated to be required for construction costs, and \$1,279,909 is estimated to be required for non-construction costs, including \$420,375 of capitalized interest (approximately twenty-four (24) months' interest estimated at 4.75%).

### Construction Costs

#### A. Developer Items

1. Lively Tract Phase 1, Sections 7-10 - W, WW & D	\$ 1,067,607
2. Lively Tract Phase 2 W, WW, & D	2,100,000
3. Engineering (8.25% of item no. 1)	<u>88,031</u>
<b>Total Developer Items</b>	<b>\$ 3,255,638</b>

#### B. District Items

1. N/A	\$ -
<b>Total Construction Costs</b>	<b>\$ 3,255,638</b>
<b><i>Less: Surplus Funds</i></b>	<b><u>(110,547)</u></b>
<b>Net Total Construction Costs</b>	<b>\$ 3,145,091</b>

### Non-Construction Costs

A. Legal Fees (1.5%)	\$ 66,375
B. Bond Counsel Fees (1.5%)	66,375
C. Fiscal Agent Fees (2.5%)	110,625
D. Interest	
1. Capitalized Interest (24 months @ 4.75%)	420,375
2. Developer Interest <sup>(a)</sup>	363,780
E. Bond Discount (3%)	132,750
F. Bond Issuance Expenses	59,891
G. Bond Application Report	44,250
H. Attorney General Fee (0.10%)	4,425
I. TCEQ Bond Issuance Fee (0.25%)	11,063
J. Contingency <sup>(b)</sup>	<u>-</u>
<b>Total Non-Construction Costs</b>	<b>\$ 1,279,909</b>

### TOTAL BOND ISSUE REQUIREMENT

**\$ 4,425,000**

(a) Preliminary; subject to change. The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

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

## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations of the District and are not obligations of the City of Leander, Texas; Williamson County, Texas; the State of Texas; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, 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 occur or that the development in the District will maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “INVESTMENT CONSIDERATIONS - Registered Owners' Remedies.”

### No Certainty of a Secondary Market

Subject to prevailing market conditions, the Initial Purchaser intends, but is not obligated, to make a market in the Bonds. There is presently no secondary market for the Bonds and no assurance that a secondary market for the Bonds will develop or, if developed, will not be disrupted. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

### 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. A downturn in the economic conditions in the Austin area and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base. The District cannot predict the pace or magnitude of any future development within the District.

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on construction activity, particularly short-term interest rates at which 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 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.

*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 Developer in the sale of developed lots and of homebuilders 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 Hwy 29 Ventures 2015 LP (the “Developer”) 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. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the 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 DEVELOPER” and “TAX DATA - Principal Taxpayers – Table 12.”

*Impact on District Tax Rates:* Assuming no further development, the value of the land and improvements currently existing within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2022 Certified Assessed Valuation of the District is \$134,817,499. After issuance of the Bonds, the Projected Maximum Requirement will be \$1,228,482 (2032) and the Projected Average Requirement will be \$1,269,887 (2024 through 2048, inclusive). Assuming (1) no increase or decrease from the 2022 Certified Assessed Valuation; (2) the issuance of no additional debt; and (3) no other funds available for the payment of debt service, tax rates of \$1.00 and \$0.96 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. The District's Preliminary Assessed Valuation is \$216,366,797. Based upon the assumptions above and the 2023 Preliminary Assessed Valuation, tax rates of \$0.62 and \$0.60 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. The District's Estimated Assessed Valuation as of April 20, 2023, is \$\_\_\_\_\_. Based upon the assumptions above and the Estimated Assessed Valuation as of April 20, 2023, tax rates of \$0.\_\_\_\_ and \$0.\_\_\_\_ per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. See "PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3" and "TAX DATA – Tax Adequacy for Debt Service."

*Dependence Upon the Developer, Lot Owners and Homebuilders:* The growth of the tax base is dependent upon additional development of lots in the District and the construction of homes thereon. The Developer is under no obligation to continue to market, or improve, or to develop tracts of land. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment by the Developer. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowner to whom such party may sell all or a portion of its holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances or regulations may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. See "THE DEVELOPER."

The two principal taxpayers in the District, Continental Homes of Texas LP, the only active homebuilder within the District, which operates as a subsidiary of D.R. Horton, Inc., and the Developer, represent \$27,697,567 or 20.52% of the District's 2022 Certified Taxable Assessed Valuation. The Developer represents \$11,710,359 or 8.67% of such assessed valuation. If the Developer or homebuilders (or other principal taxpayers) were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers – Table 12," and "TAXING PROCEDURES – Levy and Collection of Taxes."

*Undeveloped Acreage . . .* Approximately 15.872 acres of developable land within the District have not been provided with water, wastewater and storm drainage and detention facilities as of April 20, 2023. In the opinion of the Engineer, the remaining authorized but unissued bonds is sufficient to fund water, sanitary sewer and drainage services to all areas now within the District. There is no assurance that such undeveloped acreage will be developed. See "THE BONDS – Alteration of Boundaries" and "THE DISTRICT – Historical and Current Status of Development."

*Vacant Developed Lots . . .* As of April 20, 2023, approximately 445 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. See "Impact on District Tax Rates" above.

#### **No Requirement to Build on Developed Lots**

Currently, there is no requirement that builders owning developed lots within the District commence or complete construction on improvements within any particular time period. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the District.

#### **Tax Collections and Foreclosure Remedies**

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District's tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners of the Bonds are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal

actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

### **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.

### **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.

### **Bankruptcy Limitation to Registered Owners' Rights**

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

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district. A district may not be forced into bankruptcy involuntarily.

### **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 Initial Purchaser. If a bond insurance policy is purchased by the Initial 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 Municipal Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the bond insurer (the “Bond Insurer”) which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

Neither the District nor the Initial Purchaser has made independent investigation into the claims-paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the Bond Insurer, particularly over the life of the investment. See “MUNICIPAL BOND RATINGS AND INSURANCE” herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

#### **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.

To the extent 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.

#### **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**

As of April 20, 2023, approximately 277.686 acres of land within the District have been or are currently being developed with utility facilities. According to information obtained by Jones-Heroy & Associates, Inc., (the “Engineer”), the Developer has advanced approximately \$ \_\_\_\_\_ in construction and engineering costs, of which approximately \$ \_\_\_\_\_ will remain owing to the Developer after the issuance of the Bonds.

Therefore, the Developer is owed additional funds with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate) see “THE DEVELOPER – Utility Construction Agreements.” The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for water, wastewater, and drainage facilities, and park and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “THE BONDS – Issuance of Additional Debt.”

The District has reserved in the Bond Order the right to issue the remaining authorized but unissued bonds approved by the voters. See “THE BONDS – Issuance of Additional Debt” All of the remaining unlimited tax bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Board, the Attorney General of the State of Texas and, if applicable, the TCEQ.

## **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 \_\_\_\_\_ (the “TCEQ Order”). In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

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

## **Forward-Looking Statements**

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

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by 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.

## **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.* The Federal Clean Air Act ("CAA") requires the United States Environmental Protection Agency (the "EPA") to adopt and periodically revise national ambient air quality standards ("NAAQS") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and "attain" compliance with the appropriate standard. This so called State Implementation Plan ("SIP") entails enforceable control measures and time frames.

In 1997, the EPA adopted the "8-hour" ozone standard of 80 parts per billion ("ppb") (the "1997 Ozone Standard") to protect public health and welfare. In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"). The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin Area") was not designated "nonattainment" under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On May 1, 2018, the EPA designated the Austin Area as "attainment" under the 2015 Ozone Standards, which became effective on August 3, 2018.

Should the Austin Area fail to achieve EPA NAAQS, or should the Austin Area fail to satisfy a then effective 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 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 near 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 federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal itself became the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contained a new definition of “waters of the United States.” The NWPR became effective June 22, 2020, and is the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of “waters of the United States,” and on December 7, 2021, the proposed rule was published in the Federal Register, with the public commenting period ending on February 7, 2022. On December 30, 2020, the EPA and USACE finalized the proposed rule, effective as of March 20, 2023, which vacates and remands the NWPR released in 2020 and interprets “waters of the United States” consistent with the pre-2015 regulatory regime. The adoption of the new rule is the subject of litigation, including a suit filed in the United States District Court for the Southern District of Texas. Due to this existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

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 CWA. 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 (“MS-4”). 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 CWA or the Texas Water Code.

### **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. 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.

### **2023 Legislative Session**

The 88<sup>th</sup> Regular Legislative Session convened on January 10, 2023 and will conclude on May 29, 2023. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, election measures, and other matters which could adversely affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

### **Drought Conditions**

Central Texas, like other areas of the State, is susceptible to experiencing drought conditions. The City provides water to the District in amounts sufficient to service the residents of the District; however, as drought conditions continue, water usage and rates could be impacted.

### **Storm Water**

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States (“Atlas 14”). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on higher statistical rainfall amount, resulting in interim flood plain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development



fees, and stricter building codes for any property located within the expanded boundaries of the flood plain. See “THE SYSTEM – 100-Year Flood Plain.”

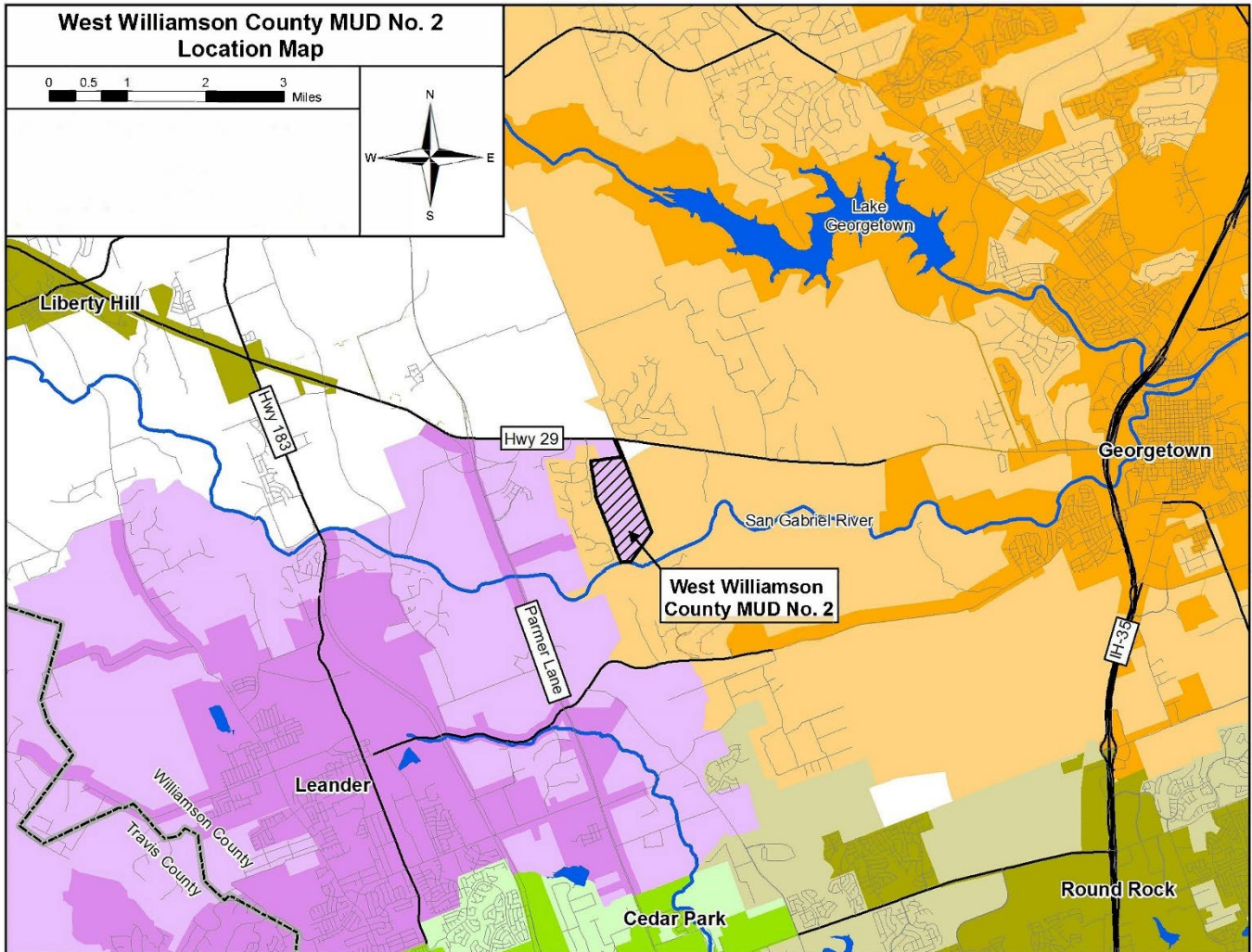
#### **Potential Impact of Natural Disaster**

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

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

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## LOCATION MAP



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## THE DISTRICT

### General

The District was created by order of the TCEQ, effective April 27, 2015, and confirmed pursuant to an election held within the District on November 3, 2015, and operates under Chapters 49 and 54, Texas Water Code, as amended, and the general statutes of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the TCEQ.

The District was created to provide water, wastewater and drainage services to the property within the District currently being developed as a single-family development. The District may also develop and finance roads under Section 54.234 of the Texas Water Code and develop and finance park and recreational facilities. The District has entered into utility construction agreements with the Developer in order to facilitate the construction of water, wastewater and drainage facilities, road improvements, and park and recreational facilities to serve property within its boundary.

At the time of creation, the District contained approximately 386.98 acres of land. Since the creation of the District, there has been one annexation of land, and the District currently contains approximately 437.04 acres.

### Management

#### *Board of Directors*

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Justin Lange	President	2026	7 Years
Aaron Googins	Vice President	2026	7 Years
Brad Zamzow	Secretary	2026	7 Years
Alex Dagerl	Assistant Secretary	2024	1.5 Years
Joey Graham	Assistant Secretary	2024	3.5 Years

#### *Consultants*

#### **Tax Assessor/Collector**

Land and improvements in the District are being appraised by the Williamson Central Appraisal District ("WCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Williamson County Tax Assessor/Collector, Larry Gaddes, currently serves the District in this capacity under contract.

#### **Engineer**

The District's consulting engineer is Jones-Heroy & Associates, Inc. (the "Engineer"). Such firm serves as consulting engineer to 70 other special districts.

#### **Bookkeeper**

Bott & Douthitt, PLLC, certified public accountants, serves as bookkeeper to the District. Such firm serves as bookkeeper to approximately 150 other special districts.

#### **Auditor**

McCall Gibson Swedlund & Barfoot PLLC, has audited the District's financial statements for the fiscal year ended September 30, 2022. MGSB serves in a similar capacity for approximately 600 other special districts. See "APPENDIX A" for a copy of the District's September 30, 2022 audited financial statements.

#### **Financial Advisor**

Public Finance Group LLC serves as the District's financial advisor (the "Financial Advisor"). The Financial Advisor's fee for services rendered in connection with the issuance of the Bonds is based on the 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 Disclosure Counsel**

The District has engaged McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Bond Counsel and Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

## **General Counsel**

The District employs McLean & Howard, L.L.P. ("MH") as General Counsel. Fees paid to MH for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

## **Location**

The District is located entirely within the extraterritorial jurisdiction of the City, and is situated in approximately 5 miles northeast of the City in western Williamson County. The District is on the south side of State Highway 29 at the intersection with Lively Ranch Road.

## **Historical and Current Status of Development**

In October 2015, the Developer purchased 386.98 acres of land comprising the District from Donald H. Lively Family Partnership, Ltd. On September 1, 2016, the District annexed an additional 50.07 acres of land into the District. The 50.07-acre annexed tract was originally located within the City of Georgetown's extraterritorial jurisdiction; however per agreement between the City, the City of Georgetown, Texas ("Georgetown"), and the Developer, the tract was transferred to the City's extraterritorial jurisdiction.

As of April 20, 2023, the Developer has developed utility facilities serving approximately 277.86 acres within the District, referred to herein as Lively Ranch, developed as Lively Ranch Phase I, Section 1 (5.866 acres); Lively Ranch Phase I, Section 2 (9.4740 acres; platted as 30 single-family homes); Lively Ranch Phase I, Section 3 (9.6460 acres; platted as 19 single-family homes); Lively Ranch Phase I, Section 4 (12.1780 acres; platted as 31 single-family homes); Lively Ranch Phase I, Section 5 (6.9880 acres; platted as 29 single-family homes); Lively Ranch Phase I, Section 6 (14.2530 acres; platted as 53 single-family homes); Lively Ranch Phase I, Section 7 (13.0610 acres; platted as 26 single-family homes); Lively Ranch Phase I, Section 8 (12.471 acres; platted as 28 single-family homes); Lively Ranch Phase I, Section 9 (13.938 acres; platted as 39 single-family homes); Lively Ranch Phase I, Section 10 (7.216 acres; platted as 10 single-family homes); Lively Ranch Phase II (71.820 acres; platted as 201 single-family homes); Lively Ranch Phase III (22.59 acres and platted as 239 single-family homes); Lively Ranch Phase IV (78.185 acres; platted as 202 single-family homes). Additionally, Lively Ranch Phases I – III include approximately 69.947 acres of open space and 139.383 acres developed with single-family lots. According to the Developer, currently 452 of the platted 907 single-family home lots within Lively Tract Phases I, II, III, and IV have been completed. Currently, there are approximately 15.872 remaining developable acres for future single-family development. Development within the District additionally includes a 3,000 square foot amenity center, which includes a pool, kitchen, and fitness facilities. Approximately 56.762 acres will be designated as open space, recreational facilities, and parks. Approximately 68.32 acres will be designated easements, ROWs, and roads. The remaining approximately 18.40 acres are located within the flood plain.

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The following chart reflects the status of development as of April 20, 2023:

Section	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
<b>A. Single Family Developed with Utility Facilities<sup>(a)</sup></b>					
Lively Ranch Phase I, Section 1 <sup>(b)</sup>	5.866	-	-	-	-
Lively Ranch Phase I, Section 2	9.474	30	30	-	-
Lively Ranch Phase I, Section 3	9.646	19	19	-	-
Lively Ranch Phase I, Section 4	12.178	31	31	-	-
Lively Ranch Phase I, Section 5	6.988	29	29	-	-
Lively Ranch Phase I, Section 6	14.253	53	53	-	-
Lively Ranch Phase I, Section 7	13.061	26	26	-	-
Lively Ranch Phase I, Section 8	12.471	28	28	-	-
Lively Ranch Phase I, Section 9	13.938	39	39	-	-
Lively Ranch Phase I, Section 10	7.216	10	10	-	-
Lively Ranch Phase II	71.820	201	197	-	4
Lively Ranch Phase III	108.138	239	-	-	239
Lively Ranch Phase IV	78.185	202	-	-	202
<b>Total Single Family Developed with Utilities</b>	<b>363.234</b>	<b>907</b>	<b>462</b>	<b>-</b>	<b>445</b>
<b>C. Remaining Developable Acreage</b>					
Single Family Residences	15.872				
<b>D. Parks/Open Spaces/Other Amenities</b>	<b>56.762</b>				
<b>E. ROWs/Streets Easements</b>	<b>68.320</b>				
<b>F. Undevelopable Acreage</b>					
Flood Plain	18.400				
<b>Total Undevelopable Acreage</b>	<b>18.400</b>				
<b>Total District Acreage</b>	<b>522.588</b>				

(a) Approximately 64.947 acres of open space is included in the completed single-family acreage for Lively Ranch Phases I-III.

(b) According to the Developer, Phase 1, Section 1 does not contain any lots.

### Future Development

The instigation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect the ability to sell lots and/or property and of any homebuilder to sell completed homes as described in this Official Statement under the caption “INVESTMENT CONSIDERATIONS.” If the undeveloped portion of the District is eventually developed, additions to the water, wastewater, and drainage system required to service such undeveloped acreage may be financed by future District bond issues, if any, and developer contributions, if any, as required by the TCEQ. The District’s Engineer estimates that the \$79,000,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized but unissued is sufficient to reimburse the Developer for the existing utility facilities and provide utility service to the remaining undeveloped but developable acres within the District. See “THE BONDS – Issuance of Additional Debt.” The Developer is under no obligation to complete any development, if begun, and may modify or discontinue development plans in their sole discretion. Accordingly, the District makes no representation that future development will occur.

### Consent and Development Agreement with the City of Leander

Pursuant to the Consent and Development Agreement, the City consented to the creation of the District. The Consent and Development Agreement governs the development of all land within the District. The development within the District is subject to the subdivision code and other ordinances and regulations of the City that are applicable by virtue of the District being located within the City’s extraterritorial jurisdiction. The Consent and Development Agreement is effective from the date of execution (April 24, 2015) and terminates at such time that all of the land within the District has been annexed by the City and the City has assumed all obligations of the District.

The Consent and Development Agreement authorizes the District to issue bonds and notes, including bond anticipation notes or refunding unlimited tax bonds for any purpose not specifically prohibited by law, the Consent Agreement or rules and policies of the TCEQ. The Consent and Development Agreement, provides that the total principal amount of unlimited tax new money bonds to be issued by the District is limited to \$70,000,000, unless otherwise agreed to by the City.

## THE DEVELOPER

### Role of Developer

In general, the activities of a landowner or developer within a utility district, such as the District, include purchasing land within the future district, petitioning for creation of the district, designing the development, defining a marketing program, planning building schedules, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities) pursuant to the rules of the TCEQ, and selling improved lots or commercial reserves to builders, other developers or first parties. Ordinarily, the developer pays one hundred percent (100%) of the costs of paving and amenity design and construction while the utility district finances the costs of the water supply and distribution, wastewater collection and drainage facilities. While a landowner or developer is required by the TCEQ to pave streets and pay for its allocable portion of the costs of utilities to be financed by the district through a specific bond issue, if any, a developer is generally under no obligation to a district to undertake development activities with respect to other property it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of the developer to perform such activities in development of the property within the utility district may have a profound effect on the security for the bonds issued by a district.

### Description of the Developer

The developer of the land within the District is Hwy 29 Ventures 2015 LP, a Delaware limited partnership ("Hwy 29 Ventures" or the "Developer"), whose general partner is Sentinel Lively GP, LLC, a Texas limited liability company, which is managed by Thomas J. Rielly. Hwy 29 Ventures owns approximately 32.35 acres in the District that are planned for additional residential development.

Sentinel Land Company, LLC, a Texas limited liability company, an affiliate of the Developer, is the operating entity of Thomas Rielly (Sole Member) and David Nairne (Vice-President) for all Austin wide projects having opened an office in 2012. In addition to Lively Ranch, Sentinel manages the development of four other developments in Central Texas including: Oak Creek, a 446 lot single-family project on approximately 151 acres in Leander, Texas which project is complete and has been sold to builders including Pacesetter, Castle Rock, Megatel, and Meritage; Kasper Ranch, a 725 unit single-family project on approximately 207 acres in Georgetown, Texas; Sorento, which contains a 976 lot single-family element and a 310 condo title small lot project on a total of approximately 356 acres in Pflugerville, Texas which project is complete and has been sold to builders including D.R. Horton, Pacesetter, and Chesmar Homes; Saddlecreek, which contains multiple product types with an 830 lot single-family element, a 378 condo title duplex project and a 325 unit apartment project on a total of approximately 300 acres in Georgetown, Texas which project is complete and has been sold to builders including D.R. Horton, Lennar Homes, Pacesetter, Continental Homes, Century Homes, Chesmar Homes, and Castlerock. Each of the communities was designed as a Master Plan with coordinated development, significant entry statements, extensive open and common spaces including amenity buildings with pools, lounges, workout rooms and related facilities. Mr. Rielly and Mr. Nairne have over 35 years of development experience in various locations in the United States and Canada including California, Arizona, New York, Washington, and Texas.

The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developer has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time.

### Development Financing

Construction expenses for the development of Phases III and IV are being financed with a loan from BCJL Investments, LLC, a Texas limited liability company, ("BCJL") in the maximum principal amount of \$21,000,000 maturing in June 2023 (the "BCJL Loan"). According to the Developer, as of October 18, 2022, the principal balance of the BCJL Loan was \$20,245,468.73. The balance of the BCJL Loan is reduced from time to time with the proceeds from lot sales and BCJL's receipt of developer reimbursements assigned to BCJL pursuant to the terms of the Assignment (defined herein). The Developer represents that it is in compliance with the terms of the BCJL Loan described herein.

The Developer has stated that it intends to develop the remaining developable property within the District, in phases, as single-family lots, which in turn, will be sold to homebuilders on which single-family homes will be constructed. See "THE DISTRICT – Historical and Current Status of Development."

### Homebuilder within the District

Continental Homes of Texas ("Continental Homes") is currently the only active homebuilder within the District. New homes in the District range in price from approximately \$547,000 to \$684,000, with square footage ranging from approximately 2,291 to 3,395.

Home construction in the District began in 2017. The following chart illustrates the number of homes built per year starting in 2017.

Calendar Year	No. of Single-Family Homes Constructed
2017	0
2018	66
2019	95
2020	93
2021	10
2022	184
2023	10*

\* As of April 20, 2023, includes 10 single-family homes completed.

### **Utility Construction Agreements**

The District has entered into utility construction agreements with the Developer governing the development of water, wastewater and drainage facilities on land within the District and the reimbursement for certain costs of such developments through the issuance of bonds by the District (the “Utility and Park Improvements Construction and Reimbursement Agreement”). The Developer assigned certain receivables under the Utility and Park Improvement Construction and Reimbursement Agreement, with the consent of the District, to BCJL for the purpose of securing payment for the development financing (the “Assignment”).

### **Agricultural Waiver**

Approximately 259 acres within the District are subject to an agricultural exemption, however, the Developer has executed agreements, which are recorded in the real property records of Williamson County, and are covenants running with the land, waiving the right to have a portion of the land located within the District classified as agricultural, open-space, or timberland. In addition, the Developer has waived the right to have the lots and houses (if any) classified as business inventory. Such agreement may not be modified without the approval of the TCEQ and is binding on purchasers of such land from the Developer. 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 unlimited tax bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ, Williamson County, and the City of Leander. According to the Engineer, the design of all such facilities has been approved by all governmental agencies which have authority over the District.

Operation of the waterworks and wastewater facilities serving the District is subject to regulation by, among others, the US EPA and the TCEQ. The rules and regulations promulgated by these agencies change periodically and are subject to further development and revision. The TCEQ makes annual inspections of the water and wastewater systems to assure compliance with their rules.

### **Water Supply and Distribution**

Pursuant to the Temporary Wholesale Water Services Agreement between Georgetown and Leander (the “Water Services Agreement”), Georgetown provides temporary wholesale water service to Leander, who provides retail water service to the District to the District at full development. Leander agrees to own, operate, and maintain the facilities and charge user fees at retail rates, and collects impact fees for new service connections within the District. Under the Water Services Agreement, the Developer agrees to finance and construct on behalf of the District the internal water facilities and dedicate sites thereunder. Per the Water Services Agreement, Georgetown will temporarily provide wholesale water service to Leander to provide water service to the District, until such time that certain off-site water line improvements are completed to allow Leander to provide water service to the District with its own water supplies. Under the Consent and Development Agreement, Leander is responsible for securing easements for the offsite waterline improvements, and the Developer is responsible for constructing the offsite waterline improvements. Under the Water Services Agreement, the deadline for construction of the offsite facilities was August 8, 2021. Leander had not completed the acquisition of easements required for construction of the facilities by said date. As a result, Leander and Georgetown entered into the “First Amendment to Water Services Agreement” (the “First Amendment”). The First Amendment generally provides that Leander shall not allow more than 500 connections within the District prior



to completion of the offsite facilities and shall not allow the installation of any new service connections within the District after February 8, 2022 if the offsite improvements have not been completed by that date. Construction of the offsite line improvements allowing Leander to provide permanent water service to the District was completed in January 2022.

### **Wastewater Collection and Treatment**

Pursuant to the Wholesale Wastewater Services Agreement between the Georgetown and Leander (the “Wastewater Agreement”), Georgetown agrees to provide wholesale wastewater service to Leander, who will provide retail sewer service to the District to serve the ultimate development of the District. Leander agrees to own, operate and maintain the facilities and charge user fees at out-of-city rates. Under the Wastewater Agreement, the developer agrees to finance and construct on behalf of the District the internal wastewater facilities and dedicate sites thereunder to the City of Leander. Per the Wastewater Agreement, Georgetown will provide sufficient wastewater capacity to serve the ultimate build-out of the District.

### **Storm Drainage**

The storm drainage system that serves the District consists of curb and guttered streets and storm sewers. The collected storm water runoff generally flows through the District from the north to the south, and ultimately outfalls into the South San Gabriel River on the District’s southern boundary.

### **100-Year Flood Plain**

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance.

According to the District’s Engineer, approximately 18.40 acres within the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Maps Nos. 48491C0275E and 48491C0460E for Williamson County, Texas, dated September 26, 2008. No lots are developed nor are any expected to be developed on the 20.36 acres that are located within the boundary of the 100-year Flood Plain.

In 2018, the National Weather Service 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. In particular the study shows that Central Texas is more likely to experience larger storms than previously thought. 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 flood plain which interim flood plain is based on the current 500-year flood plain, resulting in the interim flood plain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the flood plain). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could mean higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the flood plain. No Atlas 14 effects are applicable to any current or future phases of development within the District, according to the Developer.

### **Water, Wastewater, and Drainage Operations - Rate and Fee Schedule – Table 1**

The City provides retail water and wastewater services to the District and is responsible for establishing the rates and fees charged for those services, subject to change from time to time. The rates and fees charged by the City for retail water and wastewater service are published and updated from time to time by the City on its official website which may be referred to for the City’s current rates and fees. **The rates and charges established by the City are not part of the District’s continuing disclosure undertaking and will not be updated by the District annually.**

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## Operating Revenues and Expenses Statement - Table 2

The following statement sets forth in condensed form the historical operations of the District as derived from the District's audited financial statements for the years ending September 30, 2019 through September 30, 2022. Unaudited financial information for the period ending February 28, 2023, has been provided by the District's bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records. Reference is made to such statements for further and more complete information. Also see "Appendix A – Audited Financial Statements of the District for the fiscal year ended September 30, 2022."

	Fiscal Year End				
	2/28/2023 <sup>(a)</sup>	9/30/2022 <sup>(b)</sup>	9/30/2021 <sup>(b)</sup>	9/30/2020 <sup>(b)</sup>	09/30/2019 <sup>(b)</sup>
<b>REVENUES</b>					
Property taxes, including penalties and interest	\$ 763,188	\$ 484,380	\$ 264,320	\$ 127,211	\$ 72,222
Drainage Fees	43,400	-	140,700	1,400	171,500
Developer Advance	-	-	-	-	-
Other	15,086	6,488	178	730	261
<b>TOTAL REVENUES</b>	<b>\$ 821,674</b>	<b>\$ 490,868</b>	<b>\$ 405,198</b>	<b>\$ 129,341</b>	<b>\$ 243,983</b>
<b>EXPENDITURES</b>					
Director Fees, including payroll	\$ 2,584	\$ 4,844	\$ 4,844	\$ 3,875	\$ 3,230
Tax Appraisal/Collection Fees	1,035	2,730	1,553	793	433
Pond Maintenance	10,500	24,475	12,000	12,000	5,150
Legal Fees	7,466	22,350	18,307	14,496	22,308
Bookkeeping Fees	10,438	16,050	15,450	14,350	9,750
Audit Fees	10,250	9,750	9,250	8,750	5,950
Engineering Fees	1,996	5,491	5,459	4,907	9,071
Financial Advisor Fees	1,088	1,058	1,041	1,072	1,240
Insurance	-	5,501	5,105	4,836	4,386
Other	50	1,257	1,155	614	16
<b>TOTAL EXPENDITURES</b>	<b>\$ 45,406</b>	<b>\$ 93,507</b>	<b>\$ 74,164</b>	<b>\$ 65,693</b>	<b>\$ 61,534</b>
<b>NET REVENUES (DEFICIT)</b>	<b>\$ 776,268</b>	<b>\$ 397,361</b>	<b>\$ 331,034</b>	<b>\$ 63,648</b>	<b>\$ 182,449</b>
<b>Beginning Fund Balance</b>	<b>\$ 1,010,860</b>	<b>\$ 613,498</b>	<b>\$ 282,464</b>	<b>\$ 218,816</b>	<b>\$ 36,367</b>
<b>Developer Advance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plus / (Less): Fund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 1,787,128</b>	<b>\$ 1,010,860</b>	<b>\$ 613,498</b>	<b>\$ 282,464</b>	<b>\$ 218,816</b>

(a) Unaudited as of February 28, 2023. Represents five (5) months of the District's current fiscal year.

(b) Audited.

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**PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3**

**West Williamson County Municipal Utility District No. 2  
\$4,425,000**

**Unlimited Tax Bonds, Series 2023**

**Dated Date: July 6, 2023**

**First Interest Payment Due: March 1, 2024**

Year Ending 31-Dec	Outstanding Bonds				The Bonds*				Projected Total Debt Service Requirements	
	Principal Due (09/01)	Interest		Total	Principal (Due 9/01)	Interest		Total	Principal and Interest	
		Due (03/01)	Due (09/01)			(Due 3/01)	(Due 9/01)			
2023	\$ 195,000	\$ 227,183	\$ 227,183	\$ 649,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 649,365
2024	200,000	264,595	264,595	729,190	5,000	137,206	105,094	242,299	247,299	976,489
2025	210,000	260,901	260,901	731,802	5,000	104,975	104,975	209,950	214,950	946,752
2026	280,000	256,996	256,996	793,992	5,000	104,856	104,856	209,713	214,713	1,008,705
2027	455,000	251,509	251,509	958,017	5,000	104,738	104,738	209,475	214,475	1,172,492
2028	475,000	241,474	241,474	957,947	100,000	104,619	104,619	209,238	309,238	1,267,185
2029	495,000	230,912	230,912	956,825	105,000	102,244	102,244	204,488	309,488	1,266,312
2030	510,000	221,200	221,200	952,400	115,000	99,750	99,750	199,500	314,500	1,266,900
2031	530,000	211,131	211,131	952,262	120,000	97,019	97,019	194,038	314,038	1,266,300
2032	550,000	200,775	200,775	951,550	130,000	94,169	94,169	188,338	318,338	1,269,887
2033	565,000	191,737	191,737	948,475	135,000	91,081	91,081	182,163	317,163	1,265,637
2034	585,000	182,456	182,456	949,912	140,000	87,875	87,875	175,750	315,750	1,265,662
2035	610,000	172,831	172,831	955,662	145,000	84,550	84,550	169,100	314,100	1,269,762
2036	630,000	162,762	162,762	955,525	150,000	81,106	81,106	162,213	312,213	1,267,737
2037	655,000	152,287	152,287	959,575	155,000	77,544	77,544	155,088	310,088	1,269,662
2038	675,000	141,281	141,281	957,562	160,000	73,863	73,863	147,725	307,725	1,265,287
2039	700,000	129,950	129,950	959,900	165,000	70,063	70,063	140,125	305,125	1,265,025
2040	730,000	117,825	117,825	965,650	170,000	66,144	66,144	132,288	302,288	1,267,937
2041	755,000	105,178	105,178	965,356	175,000	62,106	62,106	124,213	299,213	1,264,569
2042	780,000	92,031	92,031	964,062	185,000	57,950	57,950	115,900	300,900	1,264,962
2043	810,000	78,356	78,356	966,712	195,000	53,556	53,556	107,113	302,113	1,268,825
2044	840,000	64,041	64,041	968,081	200,000	48,925	48,925	97,850	297,850	1,265,931
2045	870,000	50,159	50,159	970,319	210,000	44,175	44,175	88,350	298,350	1,268,669
2046	900,000	35,722	35,722	971,444	215,000	39,188	39,188	78,375	293,375	1,264,819
2047	935,000	20,453	20,453	975,906	225,000	34,081	34,081	68,163	293,163	1,269,069
2048	-	-	-	-	1,210,000	28,738	28,738	57,475	1,267,475	1,267,475
	<u>\$ 14,940,000</u>	<u>\$ 4,063,748</u>	<u>\$ 4,063,748</u>	<u>\$ 23,067,495</u>	<u>\$ 4,425,000</u>	<u>\$ 1,950,518</u>	<u>\$ 1,918,406</u>	<u>\$ 3,868,924</u>	<u>\$ 8,293,924</u>	<u>\$ 31,361,420</u>

\* Interest estimated at 4.75% for purposes of illustration.

**FINANCIAL STATEMENT  
(Unaudited)**

**Assessed Value – Table 4**

2022 Certified Assessed Valuation	\$ 134,817,499 <sup>(a)</sup>
2023 Preliminary Assessed Valuation	\$ 216,366,797 <sup>(b)</sup>
Estimated Assessed Valuation as of April 20, 2023	\$ - <sup>(c)</sup>
Gross Debt Outstanding (after issuance of the Bonds)	\$ 19,365,000 <sup>(d)</sup>
Ratio of Gross Debt to 2022 Certified Assessed Valuation	14.36%
Ratio of Gross Debt to 2023 Preliminary Assessed Valuation	8.95%
Ratio of Gross Debt to Estimated Assessed Valuation as of April 20, 2023	█ #DIV/0!
2022 Tax Rate	
Debt Service	\$ 0.2900
Maintenance	<u>0.5330</u>
<b>Total 2022 Tax Rate</b>	<u><b>\$ 0.8230</b></u> <sup>(e)</sup>
Debt Service Fund Balance (as of April 11, 2023)	\$ 964,381 <sup>(f)</sup>

Area of District: 437.0490 acres  
Estimated Population as of April 20, 2023: 1,386 <sup>(g)</sup>

- (a) The certified assessed valuation as of January 1, 2022, as provided by WCAD. See “TAXING PROCEDURES.”
- (b) The preliminary assessed valuation as of January 1, 2023, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this preliminary assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) The estimated assessed valuation as of April 20, 2023, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this estimated assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (d) Includes the Bonds.
- (e) The District’s Board, at its meeting in September 2022, levied a total tax rate of \$0.8230. See “TAX DATA.”
- (f) Unaudited as of April 11, 2023. Does not include approximately twenty-four (24) months of capitalized interest (approximately \$420,375 at an estimated interest rate of 4.75%) which is projected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund.
- (g) Based upon 3.0 residents per completed and occupied single family home.

**Unlimited Tax Bonds Authorized but Unissued - Table 5**

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/3/2015	Water, Wastewater and Drainage	\$ 98,700,000	\$ 19,700,000 <sup>(a)</sup>	\$ 79,000,000
11/3/2015	Recreational Facilities	18,610,000	-	18,610,000
11/3/2015	Road Facilities	8,745,000	-	8,745,000
11/3/2015	Refunding <sup>(b)</sup>	<u>189,082,500</u>	<u>-</u>	<u>189,082,500</u>
<b>Total</b>		<b>\$ 315,137,500</b>	<b>\$ 19,700,000</b>	<b>\$ 295,437,500</b>

- (a) Includes the Bonds.
- (b) The propositions approved by the voters authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the par amount of new money bonds issued, assuming that the total amount of bonds authorized by the voters will be issued, which equals \$148,050,000 in water, wastewater, and drainage refunding bonds, \$27,915,000 in park and recreational facilities refunding bonds, and \$13,117,500 in refunding road bonds.

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## Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds
05/29/19	Water, Wastewater and Drainage	2019	2,600,000	2,460,000
10/14/20	Water, Wastewater and Drainage	2020	4,000,000	3,815,000
12/15/21	Water, Wastewater and Drainage	2021	2,350,000	2,340,000
12/15/22	Water, Wastewater and Drainage	2022	6,325,000	6,325,000
07/06/23	Water, Wastewater and Drainage	2023	4,425,000	4,425,000 <sup>(a)</sup>
<b>Subtotal</b>			<b>\$ 19,700,000</b>	<b>\$ 19,365,000</b>

(a) The Bonds.

## Cash and Investment Balances - Table 7<sup>(a)</sup>

General Fund	\$ 1,701,690
Debt Service Fund	964,381 <sup>(b)</sup>
Capital Projects Fund	112,061

(a) Unaudited as of April 11, 2023.

(b) Does not include approximately twenty-four (24) months of capitalized interest (approximately \$420,375 at an estimated interest rate of 4.75%) which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

## 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 including obligations that are fully guaranteed or insured by the FDIC or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office 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; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) 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; (10) 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; (11) 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; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. 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 (11) through (13) 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, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. 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.

## Current Investments - Table 8

The District, as of April 20, 2023 (unaudited), was invested in TexPool. This investment portfolio is generally representative of the District's investment practices. GASB Statement No. 3 requires the District to assign risk categories for its investment, except those in which securities are not used as evidence of the investment. TexPool is a public funds investment pool. TexPool has not been assigned a risk category since the District has not issued securities, but rather it owns an undivided beneficial interest in the assets of 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.

Investment Value as of April 11, 2023	
Cash	\$ 60,004
TexPool	2,718,128
<b>Total Investments</b>	<b>\$ 2,778,131</b>

## 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 subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Body	Total Tax Supported Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Williamson County	\$ 1,015,155,000	3/31/2023	0.140%	\$ 1,421,217
Williamson Co. FM and Road <sup>(a)</sup>	-	3/31/2023	0.000%	-
Williamson Co. ESD No. 4 <sup>(a)</sup>	-	3/31/2023	0.000%	-
Liberty Hill ISD	656,369,710	3/31/2023	2.190%	14,374,496.65
<b>TOTAL ESTIMATED OVERLAPPING NET DEBT</b>				<b>\$ 15,795,714</b>
The District <sup>(b)</sup>	\$ 19,365,000	7/6/2023	100.00%	\$ 19,365,000
<b>TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT</b>				<b>\$ 35,160,714</b>
<b>Ratio of Estimated and Overlapping Debt to 2022 Certified Assessed Valuation</b>				<b>26.08%</b>
<b>Ratio of Estimated and Overlapping Debt to 2023 Preliminary Assessed Valuation</b>				<b>16.25%</b>
<b>Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of April 20, 2023</b>				<b>#DIV/0!</b>

(a) Taxing jurisdiction with no outstanding debt.

(b) Includes the Bonds.

## Overlapping Taxes for 2022

Overlapping Entity	2022 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill <sup>(a)</sup>
	Williamson County	Williamson County
Williamson County <sup>(b)</sup>	\$0.375608	\$ 1,257
Liberty Hill ISD	1.340000	4,486
Williamson Co. FM and Road	0.037492	126
Williamson Co. ESD No. 4	0.057985	194
The District	0.823000	2,755
<b>Total</b>	<b><u>\$2.634085</u></b>	<b><u>\$ 8,817</u></b>

(a) Based upon the 2022 average single-family home value of \$334,744 as provided by the WCAD.

(b) Includes \$0.037492 levied for Williamson County FM/RD.

## TAX DATA

### Classification of Assessed Valuation - Table 9

Type Property	2022 <sup>(a)</sup>		2021 <sup>(a)</sup>		2020 <sup>(a)</sup>	
					Amount	%
Single Family Residential	\$ 135,001,585	100.01%	\$ 80,811,556	89.77%	\$ 25,700,785	55.92%
Vacant Platted Lots/Tracts	20,068	0.01%	84,768	0.09%	147,538	0.32%
Real, Acreage (Land Only)	1,610,594	1.19%	3,881,416	4.31%	4,326,977	9.41%
Real, Farm and Ranch Improvements	11,804,145	8.74%	2,028,292	2.25%	1,645,247	3.58%
Qualified Open Space Land	-	0.00%	-	0.00%	-	0.00%
Rural Land, Non-Qualified	-	0.00%	-	0.00%	-	0.00%
Commercial Personal Property	-	0.00%	-	0.00%	-	0.00%
Tangible Personal - Business	494,456	0.37%	126,394	0.14%	9,915	0.02%
Utilities	1,069,326	0.79%	494,810	0.55%	531,354	1.16%
Real Inventory	33,611,097	24.90%	16,090,830	17.87%	25,520,794	55.53%
Exempt	-	0.00%	-	0.00%	-	0.00%
Totally Exempt Property	-	0.00%	-	0.00%	-	0.00%
Adjustments & Exemptions	<u>(48,627,753)</u>	<u>-36.02%</u>	<u>(13,493,415)</u>	<u>-14.99%</u>	<u>(11,921,936)</u>	<u>-25.94%</u>
<b>Total</b>	<b>\$ 134,983,518</b>	<b>100.00%</b>	<b>\$ 90,024,651</b>	<b>100.00%</b>	<b>\$ 45,960,674</b>	<b>100.00%</b>

(a) Assessed valuation reflects the adjusted value at September 30<sup>th</sup> of each respective year as included in the audited financial statement.

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## Tax Collections - Table 10

The following statement of tax collections sets forth in condensed form the historical 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.

Year	Assessed Valuation <sup>(a)</sup>	Tax Rate	Tax Levy	Current		Total		Year Ending
				Amount	%	Amount	%	
2016	93,953	0.9500	893	893	100.00%	893	100.00%	9/30/2017 <sup>(b)</sup>
2017	2,718,652	0.9500	25,827	25,827	100.00%	25,827	100.00%	9/30/2018 <sup>(b)</sup>
2018	7,602,363	0.9500	72,222	72,222	100.00%	72,222	100.00%	9/30/2019 <sup>(b)</sup>
2019	17,602,711	0.9500	167,659	167,659	100.00%	167,659	100.00%	9/30/2020 <sup>(b)</sup>
2020	45,683,315	0.9500	436,627	436,627	100.00%	436,627	100.00%	9/30/2021 <sup>(b)</sup>
2021	88,728,428	0.8690	771,050	768,737	99.70%	768,737	99.70%	9/30/2022 <sup>(b)</sup>
2022	134,983,518	0.8230	1,113,649	1,099,421	98.72%	1,099,421	98.72%	9/30/2023 <sup>(c)</sup>

(a) Assessed valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.

(b) Audited.

(c) Reflects collections as of February 28, 2023. Taxes were due with no penalty by January 31, 2023.

## District Tax Rates - Table 11

	Tax Rates per \$100 Assessed Valuation				
	2022	2021	2020	2019	2018
Debt Service	\$ 0.2900	\$ 0.3215	\$ 0.3750	\$ 0.2275	\$ -
Maintenance	0.5330	0.5475	0.5750	0.7225	0.9500
<b>Total</b>	<b>\$ 0.8230</b>	<b>\$ 0.8690</b>	<b>\$ 0.9500</b>	<b>\$ 0.9500</b>	<b>\$ 0.9500</b>

## Tax Rate Limitation

The District's tax rate for debt service on the Bonds is legally unlimited as to rate and amount. The District's tax rate for maintenance of the District's improvements is limited to \$1.00 per \$100 assessed valuation. As shown above in "District Tax Rates – Table 11," the District levied a 2022 debt service tax of \$0.2900/\$100 assessed valuation.

The Board will covenant in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax which, when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on such debt.

## Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. At an election held on November 3, 2015, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown above under "District Tax Rates," the District levied a 2022 maintenance and operation tax of \$0.5330/\$100 assessed valuation.

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## Principal Taxpayers - Table 12

The following list of principal taxpayers was provided by WCAD based on the 2022, 2021, and 2020 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Name	Type of Property	2022 <sup>(a)</sup>	2021 <sup>(a)</sup>	2020 <sup>(a)</sup>
Continental Homes of Texas LP <sup>(b)</sup>	Land & Improvements	\$ 15,987,208	\$ 11,126,010	\$ 7,711,184
Hwy 29 Ventures 2015 LP <sup>(c)</sup>	Land & Improvements	11,710,359	2,060,046	1,678,047
Individual Homeowner	Land & Improvements	998,034	656,106	(d)
Cash Construction	Land & Improvements	903,831	(d)	(d)
Individual Homeowner	Land & Improvements	645,308	461,056	(d)
Individual Homeowner	Land & Improvements	643,359	460,841	(d)
Individual Homeowner	Land & Improvements	632,126	448,157	(d)
Individual Homeowner	Land & Improvements	575,078	439,819	(d)
Individual Homeowner	Land & Improvements	557,902	439,170	(d)
Individual Homeowner	Land & Improvements	553,148	436,829	(d)
Individual Homeowner	Land & Improvements	(d)	(d)	(d)
Individual Homeowner	Land & Improvements	(d)	(d)	303,831
Individual Homeowner	Land & Improvements	(d)	(d)	303,831
Individual Homeowner	Land & Improvements	(d)	(d)	302,455
Individual Homeowner	Land & Improvements	(d)	(d)	298,902
Individual Homeowner	Land & Improvements	(d)	(d)	296,509
Individual Homeowner	Land & Improvements	(d)	(d)	294,784
Individual Homeowner	Land & Improvements	(d)	(d)	497,629
Whitehorn Pipeline LLC	Land & Improvements	(d)	494,810	531,354
<b>Total</b>		<u>\$ 33,206,353</u>	<u>\$ 17,022,844</u>	<u>\$ 12,218,526</u>
Percent of Assessed Valuation		24.60%	19.19%	26.75%

(a) Assessed Valuation reflects the adjusted value at September 30th of each respective year included in the audited financial statements.

(b) The designated taxpayer is concentrated in the homebuilding industry and operates as a subsidiary of D.R. Horton, Inc.  
See "THE DEVELOPER - Homebuilder with the District and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Dependence Upon the Developer, Lot Owners, and Builders."

(c) The Developer.

(d) Not a principal taxpayer in the respective year.

## Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2022 certified assessed valuation, an estimated assessed valuation as of April 20, 2023, and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds (at an estimated interest rate of 4.75% per annum). No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - Impact on District Tax Rates."

Projected Average Requirement on the Bonds (2024 through 2048) .....	\$1,228,482
\$0.96 Tax Rate on 2022 Certified Assessed Valuation of \$134,817,499 @ 95% collections produces .....	\$1,231,050
\$0.60 Tax Rate on 2023 Preliminary Assessed Valuation of \$216,366,797 @ 95% collections produces .....	\$1,233,291
\$0.____ Tax Rate on the Estimated Assessed Valuation as of April 20, 2023 of \$_____ @ 95% collections produces .....	\$_____

Projected Maximum Requirement on the Bonds (2032) .....	\$1,269,887
\$1.00 Tax Rate on 2022 Certified Assessed Valuation of \$134,817,499 @ 95% collections produces .....	\$1,282,343
\$0.62 Tax Rate on 2023 Preliminary Assessed Valuation of \$216,366,797 @ 95% collections produces .....	\$1,274,400
\$0.____ Tax Rate on the Estimated Assessed Valuation as of April 20, 2023 of \$_____ @ 95% collections produces .....	\$_____

#### Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/23 .....	\$649,365 <sup>(a)</sup>
Audited Debt Service Fund Balance as of 09/30/22.....	171,751 <sup>(b)</sup>
Capitalized Interest included in Bond proceeds .....	420,375 <sup>(c)</sup>
2022 Tax Levy @ 95% collections produces .....	371,880 <sup>(d)</sup>
Total Available for Debt Service.....	<u>\$964,006</u>
Projected Debt Service Fund Balance as of September 30, 2022.....	<u>\$314,641</u>

(a) Interest requirements on the Bonds begin March 1, 2023.

(b) Audited as of September 30, 2022.

(c) Preliminary; subject to change. Represents approximately twenty-four (24) months of capitalized interest (approximately \$420,375 at an estimated interest rate of 4.75%) which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.

(d) The District levied a 2022 debt service tax rate of \$0.2900.

### 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, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS – 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 – Tax Rate Limitation.”

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

The Texas Property Tax Code (the “Property Tax Code”) provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. WCAD has the responsibility for appraising property for all taxing units within Williamson County, including the District. Such appraisal values are subject to review and change by the Williamson County Appraisal Review Board (the “Appraisal Review Board”).

Except as described below, WCAD is required to appraise all property within its jurisdiction on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, WCAD is required to consider the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal, and use the method that the chief appraiser of WCAD considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in their jurisdiction at least once every three years. A taxing unit may require an annual review at its own expense, and is entitled to challenge the determination of appraised value of property with the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) market value of the property or (2) 110% of the appraisal value of the property for the preceding tax year plus the market value of all new improvements to the property (the “10% Homestead Cap”). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that the eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by WCAD are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See “TAXING PROCEDURES – District and Taxpayer Remedies.”

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

**General:** Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories, and the property of privately owned utilities. 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; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition of at least twenty percent (20%) of the number of qualified voters who voted in the District’s preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District is authorized to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residential 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. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See “TAX DATA.”

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but it must be adopted by July 1. The District has never adopted a general homestead exemption.

**Tax Abatement:** Williamson County and the District may enter into tax abatement agreements with owners of real property. 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 the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

**Freeport Goods and Goods-in-Transit Exemption:** Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for “freeport property,” which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as certain personal property acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicles, vessel and outboard motors, heavy equipment, and manufactured housing inventory. After holding a public hearing, a taxing

unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. The District has acted to tax goods-in-transit.

### **Temporary Exemption for Qualified Property Damaged by a Disaster**

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

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

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designations 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, open space, or timberland 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.

The Property Tax Code requires WCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in WCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by WCAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from WCAD 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 WCAD 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 WCAD to compel compliance with the Property Tax Code.

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

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

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

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

### **Tax Payment Installment**

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

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

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

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

**Developed Districts:** Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax rate imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or the 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 are classified as Developing Districts. The qualified voters of these districts, upon the adoption of a total tax rate that would impose more than 1.08 times the amount of total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

**The District:** 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, at the time a district sets its tax rate. The Board of Directors of the District designated the

District as a Developing District for the 2022 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

### **District's Rights In The Event Of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL STATEMENT - Overlapping Taxes for 2022". 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 property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS - General " and "- Tax Collections and Foreclosure Remedies."

### **Effect of FIRREA on Tax Collections**

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA") contains provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution. See "INVESTMENT CONSIDERATIONS – The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District."

## **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 legally 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 McCall, Parkhurst & Horton L.L.P. ("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. Bond Counsel's legal opinion will also 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 Initial Delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or threatened, either

in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

### **No Material Adverse Change**

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

## **TAX MATTERS**

On the Date of Initial Delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX B -- Form of Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) 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 Bond Counsel is conditioned on compliance by the District with the covenants and requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by 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. Bond 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 Bond 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 of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge by the MSRB via the Electronic Municipal Market Access (“EMMA”) 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 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 under Tables 2 through 12 and in Appendix A, if such audited financial statements as provided in Appendix A are then available. The District will update and provide this information within six (6) months after the end of the 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 such twelve (12) month period and file 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 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 September 30. Accordingly, it must provide updated information by March 31 of each year unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

## **Notice of Certain Events**

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

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Court or in any other proceeding under state or federal law in which a court of 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 of the District in possession but subject to the supervision and orders of a court of 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. For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term “Financial Obligation” is defined in the Bond Order to mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words under in such clauses (15) and (16) in the preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 29, 2018.

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.

## **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 certain 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 or purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

### **Compliance with Prior Undertakings**

During the last five years, the District has complied in all material respects with its continuing disclosure undertakings pursuant to SEC Rule 15c2-12.

## **FINANCIAL ADVISOR**

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC (the “Financial Advisor”), which firm was employed in 2014 as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

## **OFFICIAL STATEMENT**

### **Preparation**

The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See “THE DISTRICT.” The Board of Directors in its official capacity has relied upon the below mentioned experts and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

“THE DISTRICT” and “THE SYSTEM - Water Supply and Distribution,” and “ – Wastewater Collection and Treatment” – Jones-Heroy & Associates, Inc. (“District Engineer”); “THE DEVELOPER” – Hwy 29 Ventures 2015 LP, et. al.; “FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued” - Records of the District, “FINANCIAL STATEMENT” – Williamson Central Appraisal District; “FINANCIAL STATEMENT - Estimated Overlapping Debt Statement” - Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” and “THE SYSTEM” – Records of the District; “THE DISTRICT - Management” - District Directors; “PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3” - Financial Advisor; “THE BONDS” (except “Payment Record”), “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except “Compliance with Prior Undertakings”) - McCall, Parkhurst & Horton L.L.P.

### **Consultants**

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

**The Engineer:** The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled “THE DISTRICT” and “THE SYSTEM,” has been provided by the Engineer, and has been included in reliance upon the authority of said firm in the field of civil engineering.

**Auditor:** The District's financial statements for fiscal year ending September 30, 2022 were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2022 have been included as Appendix A in reliance upon such firm's authority in the field of accounting.

**Appraisal District:** The information contained in this Official Statement relating to the Assessed Valuation of the District has been provided by the Williamson Central Appraisal District and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

**Tax Assessor/Collector:** The information contained in this Official Statement relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Larry Gaddes, Williamson County Tax Assessor/Collector, and has been included herein in reliance upon Larry Gaddes as an expert in collecting taxes.

### **Updating the Official Statement during Underwriting Period**

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

### **Official Statement “Deemed Final”**

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein “deemed final” by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

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.

### **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 West Williamson County Municipal Utility District No. 2, as of the date shown on the first page hereof.

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Justin Lange  
President, Board of Directors  
West Williamson County Municipal Utility District No. 2

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Brad Zamzow  
Secretary, Board of Directors  
West Williamson County Municipal Utility District No. 2

## PHOTOGRAPHS

The following photographs were taken in the District. The homes shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See “THE DISTRICT.”



















**APPENDIX A**  
**Audited Financial Statements**

The information contained in this appendix has been excerpted from the audited financial statements of West Williamson County Municipal Utility District No. 2 for the fiscal year ended September 30, 2022. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

**APPENDIX B**  
**Form of Bond Counsel's Opinion**



**OFFICIAL NOTICE OF SALE AS OF JUNE 9, 2023**

**\$4,425,000**

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2  
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)**

**UNLIMITED TAX BONDS, SERIES 2023**

**Bids Due: Tuesday, June 20, 2023 by 10:00 A.M. C.D.T.**

The Bonds are obligations solely of West Williamson Municipal Utility District No. 2 and are not obligations of the City of Georgetown, Texas; Williamson 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** . . . West Williamson County Municipal Utility District No. 2 (the “District”) is offering for sale \$4,425,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”). Sealed Bids may be submitted by either two procedures: (i) electronic bids through the Parity Electronic Bid Submission System (“PARITY”) or (ii) electronic mail in the event PARITY is not available. Prospective bidders may select one of the two alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Public Finance Group LLC, assumes any responsibility or liability for a prospective bidding procedure.

The District and Public Finance Group LLC assume no responsibility or liability with respect to any irregularities associated with the submission of electronic bids.

Public Finance Group LLC 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: Electronic Bidding Procedures.** . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between 9:00 A.M., C.D.T. and 10:00 A.M., C.D.T., on Tuesday, June 20, 2023 (the “date of the bid opening”).

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 Parity Customer Support, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, (212) 849-5021.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to PARITY.

An electronic bid made through the facilities of PARITY shall be deemed a sealed 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 Public Finance Group LLC 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 the 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 effective interest cost to the District, as described under “Basis of Award” below.

**The District and Public Finance Group LLC will not be responsible for submitting any bids received after the above deadlines.**

**Procedure Number 2: Bids by Electronic Mail (only in the event PARITY is unavailable)** . . . Any prospective bidder that intends to submit a bid by Electronic Mail, in the event PARITY is not functioning or available, must submit its bid between 9:00 A.M., C.D.T. and 10:00 A.M., C.D.T., on the date of the bid opening. Electronic Mail bids to the attention of Cheryl Allen will be accepted at callen@publicfinancegrp.com. All bids must be submitted on the “Official Bid Form” without alteration or interlineations. Copies of the Official Bid Form accompany the Preliminary Official Statement.

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

**Signed Official Bid Forms** . . . The bidder whose bid is the lowest bid in accordance with this Notice of Sale will be notified immediately by Public Finance Group LLC and must submit by electronic mail of a Signed Official Bid Form by 10:30 A.M., C.D.T. in connection with the sale on the date of the bid opening to Cheryl Allen, Public Finance Group LLC, callen@publicfinancegrp.com.

**Place and Time of Bid Opening** . . . The Board will publicly review bids for the purchase of the Bonds at a Board meeting on the date of the bid opening, Tuesday, June 20, 2023 at 12:00 p.m., C.D.T. The meeting will be held at the designated meeting place outside the boundaries of the District, at McLean & Howard, L.L.P., 4301 Bull Creek Road, Suite 150, Austin, Texas 78731.

**Award of Bonds** . . . The District will take action to award the Bonds or reject all bids promptly upon receiving the bids. Upon awarding the Bonds, the District will also adopt the order authorizing issuance of the Bonds (the “Bond Order”) and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. The District shall award the Bonds by executing the Official Bid Form. The award will be given to the entity submitting the best bid for the Bonds as “Bidder” (the “Purchaser” or “Initial Purchaser”) as further described herein. Bidders that work with syndicates of dealers may disclose to the District members of its syndicate, but for all purposes of contracting for the sale of the Bonds, the entity signing the Official Bid Form as “Bidder” shall be solely responsible for the payment of the purchase price of the Bonds, and any information provided with respect to syndicate members shall be provided solely for informational purposes. The District reserves the right to reject any and all bids and to waive any irregularities except time of submission. 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 and all irregularities, except 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 the bids. Thereafter, all bids shall remain firm for four 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, not later than 3:00 PM, C.D.T., on Monday, June 19, 2023, 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 July 6, 2023 and interest on the Bonds will be payable March 1, 2024, and semiannually thereafter on September 1 and March 1 until maturity or earlier redemption, and will be calculated on the basis of a 360-day year 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/registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent”).

The Bonds mature serially on September 1 in the years and amounts shown on the following page.

<b>Maturity (September 1)</b>	<b>Principal Amount</b>	<b>Maturity (September 1)</b>	<b>Principal Amount</b>
2024	\$ 5,000	2037	\$ 155,000
2025	5,000	2038	160,000
2026	5,000	2039	165,000
2027	5,000	2040	170,000
2028	100,000	2041	175,000
2029	105,000	2042	185,000
2030	115,000	2043	195,000
2031	120,000	2044	200,000
2032	130,000	2045	210,000
2033	135,000	2046	215,000
2034	140,000	2047	225,000
2035	145,000	2048	1,210,000
2036	150,000		

The District reserves the right to redeem prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2031 in whole or from time to time in part on September 1, 2030, or any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds, or portions thereof, or sinking fund installments in the case of Term Bonds, as described below, are to be redeemed, the particular Bonds, or portions thereof, or sinking fund installments in the case of Term Bonds, shall be selected and designated by the District, and if less than all of the Bonds within a maturity, or sinking fund installments in the case of any Term Bonds, are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent by lot or other customary random method.


**Bidders have the right to designate one or more maturity dates for the Bonds on or after September 1, 2031 as serial or term Bonds maturing on a single date with sinking fund installments (the “Term Bonds”).** No sinking fund installment with respect to any term Bond shall be due on or prior to the date of the final maturity of any earlier maturity term Bond. The amount of term Bonds, if any, maturing on each maturity date shall be equal to the sum of (1) the installment specified above for such maturity date and (2) the installments specified above preceding such date (and subsequent to any earlier final maturity date of another specified term Bond, and the term Bonds of such maturity shall be retired utilizing such installments and sinking fund installments at par plus accrued interest). If and to the extent the successful bidder specifies for the Bonds a maturity date or dates of September 1, 2031 and consecutive subsequent years, the District will issue such Bonds as serial bonds maturing on such date or dates in amounts in accordance with the foregoing respective schedules. The balance of such Bonds, if any, shall be issued as term Bonds as designated by the successful bidder.

**Successor Paying Agents . . .** The Paying Agent may be removed from its duties as Paying Agent with or without cause by action of the Board of Directors of the District upon thirty (30) days notice to be effective at such time which will not disrupt orderly payment on the next principal or interest payment date, but no such removal shall become effective until a successor Paying Agent has accepted the duties of the Paying Agent by written instrument. Every Paying Agent appointed by the Board of Directors must be a competent and legally qualified bank, trust company, financial institution or other agency qualified to act as and perform the services as Paying Agent.

**Source of Payment . . .** The Bonds, when issued, will constitute valid and legal binding obligations of the District payable as to principal and interest 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.

**Other Terms and Covenants . . .** Other terms of the Bonds and various covenants of the District contained in the Bond Order under which the Bonds are to be issued are described in the Preliminary Official Statement, to which reference is made for all purposes.

**Book-Entry-Only System . . .** The District intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

**Municipal Bond Rating or Insurance . . .** In connection with the sale of the Bonds, the District has made application to Moody’s Investors Service, Inc. (“Moody’s”) for a municipal bond rating and has received a “” underlying rating. In addition, the District has made application for an insurance policy insuring the timely payment of principal of and interest on the Bonds and has qualified for such insurance. The purchase of such insurance and the payment of all associated costs, if available, will be at the option and expense of the Initial Purchaser.



## CONDITIONS OF SALE

**Types of Bids and Interest Rates . . .** The Bonds will be sold in one block, all or none, and no bid of less than 97% of par value plus accrued interest to the date of delivery will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. The difference between the highest interest rate bid and the lowest interest rate bid shall not exceed 2%. Interest rates must be in multiples of 1/8th or 1/20th of 1%. Any number of interest rates and rate changes may be named, but graduating or declining interest rates within a maturity, split interest rates within a maturity, or supplemental or zero interest rates will not be acceptable.

**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 sale of the Bonds, the total interest cost of each bid will be computed by determining, at the rate or rates specified, the total dollar value of all interest on the Bonds from the date thereof 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 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."

**Disclosure of Interested Party Form 1295 . . .** In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the winning bidder either:

- (i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295") to the District as prescribed by the Texas Ethics Commission ("TEC"), or
- (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

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 the winning bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*West Williamson County Municipal Utility District No. 2*) and box 3 is the identification number assigned to this contract by the District (WWCMUD2-UTB2023-BID) and description of the goods or services (*Purchase of the West Williamson County MUD No. 2 Unlimited Tax Bonds, Series 2023*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the District to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the District. The completed and signed TEC Form 1295 must be sent by email, to the District's financial advisor at [callen@publicfinancegrp.com](mailto:callen@publicfinancegrp.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [jhale@mphlegal.com](mailto:jhale@mphlegal.com).**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the District, the Interested Party Disclosure Act and the TEC Form 1295 provide that such declaration is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. **Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed TEC Form 1295 is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described**

**herein.** Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**Verification Pursuant to Chapter 2271 of the Texas Government Code (No Boycott of Israel)** . . . To the extent the winning bid for the Bonds represents a contract for goods or services within the meaning of Section 2271.002 of the Texas Government Code, as amended, the winning bidder will be required to verify in the Official Bid Form, for purposes of Chapter 2271 of the Texas Government Code, as amended, at the time of execution and delivery of the bid, 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, boycotts Israel or will boycott Israel through the date of delivery of the Bonds. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "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 winning bidder and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

**Verification Pursuant to Chapter 2252 of the Texas Government Code (Sanctioned Company)** . . . Pursuant to Chapter 2252 of the Texas Government Code, 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, or other affiliates of the same are companies 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/sudanlist.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/ftolist.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 winning bidder or any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates, of the same, 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 winning bidder and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

**Verification Regarding Discrimination Against Firearm Entity or Trade Association** . . . 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, 87<sup>th</sup> 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 the winning bidder and any syndicate member listed on the Official Bid Form, any parent company, wholly- or majority-owned subsidiary, 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 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" (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 winning bidder and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

**Verification Regarding Energy Company Boycotts**....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, 87<sup>th</sup> Texas Legislature, Regular Session), as amended, the winning bidder will be required to verify that the winning bidder and any syndicate member listed on the Official Bid Form, and any parent company, wholly- or majority-owned subsidiaries, or other affiliates of the same, 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 winning bidder and any syndicate member listed on the Official Bid Form understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

**Compliance Verification . . .** By submitting a bid, each bidder or syndicate member, as applicable, confirms that it has on file with the Public Finance Division of the Texas Office of Attorney General (“OAG”) a standing letter confirming that each bidder or syndicate member, as applicable, can make the unqualified verifications required by Senate Bills 13 and 19 set forth above, as required under the All Bond Counsel Letter of the OAG dated September 22, 2021 (a “Standing Letter”) and that it has no reason to believe that the District and the OAG may not be entitled to rely on such Standing Letter through the delivery date of the Bonds. The winning bidder and each syndicate member listed on an Official Bid Form agree that it will not rescind any applicable Standing Letter at any time before the delivery date of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the OAG.

In addition, as required under the All Bond Counsel Letter of the OAG dated April 27, 2023, the winning bidder and each syndicate member listed on an Official Bid Form shall immediately notify the District if its Standing Letter is under review by the Texas Comptroller of Public Accounts (the “Comptroller”) pursuant to Section 809.051 of the Texas Government Code (a “bidder under review”). If such Standing Letter becomes subject to review as described above, at any time prior to the date of delivery of the Bonds upon request of the District or Bond Counsel with written confirmation to the effect that (i) it and/or its affiliate intends to timely comply with the Comptroller’s request for written verification pursuant to Chapter 809 of the Texas Government Code and (ii) the applicable Standing Letter remains in effect and may be relied upon by the District and the OAG. The District and Bond Counsel may provide such written certifications to the OAG in connection with the issuance of the Bonds.

To the extent the date of delivery of the Bonds occurs before the end of the Comptroller’s review period pursuant to Section 809.051 of the Texas Government Code and the bidder under review is unable to satisfy the OAG or Comptroller’s verifications or certifications, as described above, the District pursuant to the All Bond Counsel Letter of the OAG dated April 27, 2023, reserves the right to find a replacement purchaser for the Bonds. Furthermore, the District may cash and accept the Good Faith Deposit as full and complete liquidated damages as result of the inability of the bidder under review to make the verification described in this paragraph. The District shall be under no further liability and no other penalty as a result of such replacement as described above. See “Good Faith Deposit.”

**FURTHER STATE LAW COMPLIANCE: THE DISTRICT, IN ITS SOLE DISCRETION, RESERVES THE RIGHT TO REJECT ANY BID BY A BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR ANY AFFILIATE IS ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION, THE TEXAS COMPTROLLER, OR THE TEXAS ATTORNEY GENERAL RELATED TO ITS INCLUSION ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR COMPANIES THAT HAVE BEEN FOUND TO HAVE A PRACTICE, POLICY, GUIDANCE, OR DIRECTIVE THAT DISCRIMINATES AGAINST A FIREARM ENTITY OR FIREARM TRADE ASSOCIATION.**

**Good Faith Deposit . . .** Each bid must be accompanied by a Bank cashier's check payable to the order of “West Williamson County Municipal Utility District No. 2” in the amount of \$177,000 which is 4% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the “Initial Purchaser”) will be retained uncashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser uncashed. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid (including if such failure is due to the bidder’s inability to satisfy the OAG or the Comptroller’s verifications or certifications as described above), then the check will be cashed and accepted by the District as full and complete liquidated damages. See “Compliance Verification” above. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded. See “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.”

**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).

## **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 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 SEC Rule 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 the Official Statement (in electronic form) 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 District will also furnish (in electronic form) the Initial Purchaser 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." Delivery of the Official Statement will be provided in electronic form. No printed copies of the Official Statement will be provided to the Initial Purchaser unless requested in writing (in which case the District will furnish the Initial Purchaser up to 250 printed copies).

**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 OF THE BONDS AND ACCOMPANYING DOCUMENTS**

**Delivery . . .** The Bonds will be tendered to the Initial Purchaser as a single typewritten, photocopied or otherwise reproduced bond payable in installments in fully registered form in the aggregate principal amount of \$4,425,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, manually signed by the President and Secretary of the Board of Directors, or executed by the facsimile signatures of the President and Secretary of the Board of Directors, and approved by the Attorney General of the State and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Initial delivery will be at the designated office for payment of the Paying Agent in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about July 6, 2023 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 11:00 A.M., C.D.T., on July 6, 2023 or thereafter on the date the Bonds are tendered for delivery up to and including August 7, 2023. If the Initial Purchaser should fail or refuse to accept delivery and make payment for the bonds in accordance with the immediately preceding sentence, the Good Faith Deposit check will be cashed and accepted as full and complete liquidated damages. If for any reason the District is unable to make delivery on or before August 7, 2023, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend their offer within five (5) business days thereafter, then the 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 or otherwise reproduced on the Bonds, but neither the failure to print such numbers 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 Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

**Conditions to Delivery** . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas and the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the District ("Bond Counsel"), the no-litigation certificate, all described below, and the non-occurrence of the events described below under "No Material Adverse Change" and no appeal of the TCEQ order. See "TCEQ Approval" below. In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, 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 the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving 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 limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally 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, (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District and (3) pursuant to the Internal Revenue Code of 1986, (the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from the gross income, and 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 statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

**Establishing The Issue Price For The Bonds**...The District 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 District 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 District 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") 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 District 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 District or to the District's financial advisor, (the "District's Financial Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect 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 District. 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 District (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 District to the winning bidder.

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

The District 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 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 part 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 District 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.

**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 a 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 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 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.

**TCEQ Approval** . . . The Texas Commission on Environmental Quality ("TCEQ") approved the issuance of the Bonds by an order dated [REDACTED] (the "TCEQ Order").



## CONTINUING DISCLOSURE

The District will agree in the Bond Order to provide certain periodic information and notices of certain specified 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

**Future Registration . . .** The Bonds are transferred, registered and exchanged only on the registration books of the Paying Agent, and such registration shall be at the expense of the District though the District or Paying Agent may require payment by an owner of the Bonds requesting a transfer or exchange of Bonds of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Bond. A Bond may be transferred or exchanged upon surrender to the Paying Agent accompanied by a written instrument of transfer acceptable to the Paying Agent duly executed by the registered owner thereof or his attorney duly authorized in writing. Upon surrender for transfer of any Bond to the Paying Agent, the District shall execute and the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same stated maturity and of any authorized denomination, and of a like aggregate principal amount.

**Record Date . . .** The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the fifteenth (15<sup>th</sup>) 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 or 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.

**Investment Considerations . . .** The Bonds involve certain investment considerations and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the investment considerations associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

**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 via email from Public Finance Group LLC, Financial Advisor to the District, at [callen@publicfinancegrp.com](mailto:callen@publicfinancegrp.com), [linda@publicfinancegrp.com](mailto:linda@publicfinancegrp.com), or [lsmith@publicfinancegrp.com](mailto:lsmith@publicfinancegrp.com).

/s/ Board of Directors

West Williamson County Municipal Utility District No. 2

June 9, 2023

# OFFICIAL BID FORM

President and Board of Directors  
West Williamson County Municipal Utility District No. 2

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of West Williamson County Municipal Utility District No. 2 (the "District") relating to its \$6,325,000 Unlimited Tax Bonds, Series 2023 (the "Bonds"), which by reference are made a part hereof. We recognize the special investment considerations involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale and the Preliminary Official Statement, for a cash price of \$\_\_\_\_\_ (which represents \_\_\_\_\_% of par value), provided such Bonds mature September 1 and bear interest in each year at the following rates:

<b>Maturity*</b> <b>(September 1)</b>	<b>Principal</b> <b>Amount</b>	<b>Interest</b> <b>Rate</b>	<b>Maturity*</b> <b>(September 1)</b>	<b>Principal</b> <b>Amount</b>	<b>Interest</b> <b>Rate</b>
2024	\$ 5,000	_____ %	2037	\$ 155,000	_____ %
2025	5,000	_____ %	2038	160,000	_____ %
2026	5,000	_____ %	2039	165,000	_____ %
2027	5,000	_____ %	2040	170,000	_____ %
2028	100,000	_____ %	2041	175,000	_____ %
2029	105,000	_____ %	2042	185,000	_____ %
2030	115,000	_____ %	2043	195,000	_____ %
2031	120,000	_____ %	2044	200,000	_____ %
2032	130,000	_____ %	2045	210,000	_____ %
2033	135,000	_____ %	2046	215,000	_____ %
2034	140,000	_____ %	2047	225,000	_____ %
2035	145,000	_____ %	2048	1,210,000	_____ %
2036	150,000	_____ %			

\* The District reserves the right to redeem, in integral multiples of \$5,000, prior to maturity, those Bonds maturing on and after September 1, 2031, in whole or from time to time in part, on September 1, 2030 or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

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

Total Interest Cost..... \$ \_\_\_\_\_

Plus: Cash Discount..... \$ \_\_\_\_\_

Net Interest Cost ..... \$ \_\_\_\_\_

Net Effective Interest Rate..... \_\_\_\_\_ %

The mandatory sinking fund installments checked above, if any, shall be applied for the redemption of term bonds maturing as follows:

<b>Term Bond</b> <b>Maturity Date</b> <b>September 1</b>	<b>Year of First</b> <b>Mandatory</b> <b>Redemption</b>	<b>Principal</b> <b>Amount of</b> <b>Term Bond</b>	<b>Interest</b> <b>Rate</b>
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %



The initial bond shall be registered in the name of \_\_\_\_\_ (syndicate manager). We will advise the office of UMB Bank, N.A., the Registrar, on forms to be provided by the Registrar, of our registration instructions at least five business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Registrar to accept any registration instructions after the five day period for delivery of Bonds on the closing date.

Cashier's Check No. \_\_\_\_\_, issued by \_\_\_\_\_ Bank, \_\_\_\_\_, Texas and payable to your order in the amount of \$177,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us. We hereby represent that sale of the Bonds in states 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 of the states in which the Bonds are offered or sold.

The Purchaser will purchase bond insurance from \_\_\_\_\_ (the "Insurer") for a fee/premium of \$ \_\_\_\_\_ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., credit rating or legal fees. The Purchaser represents that the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. The Fee 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. In determining present value for this purpose, the yield of the Bonds (determined with respect to the payment of the guarantee fee) have been used as the discount rate. No portion of the Fee 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.

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 and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees to provide the pricing wire to Public Finance Group LLC by the close such business day of the award.

The bidder hereby verifies that, at the time of execution and delivery of this bid, neither the 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, boycotts Israel or, to the extent this Official Bid Form is a contract for goods or services, will boycott Israel through the date of delivery of the Bonds. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "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 bidder and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

By submission of a bid, and as a condition of the award and delivery of the Bonds, the bidder represents that, neither the 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, are companies 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/sudanlist.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/ftolist.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 bidder or any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 bidder and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

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 bidder hereby verifies that, at the time of execution and delivery of this bid, the bidder and any syndicate member listed on the Official Bid Form, any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any,

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, or
- (2) will not 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" (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 and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

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 13, 87th Texas Legislature, Regular Session) as amended, the bidder hereby verifies that, at the time of execution and delivery of this bid, neither the 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" 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 and any syndicate member listed on the Official Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

Each bidder or syndicate member, as applicable, confirms that it has on file with the Public Finance Division of the Texas Office of Attorney General ("OAG") a standing letter confirming that each bidder or syndicate member, as applicable, can make the unqualified verifications required by Senate Bills 13 and 19 set forth above, as required under the All Bond Counsel Letter of the OAG dated September 22, 2021 (a "Standing Letter") and that it has no reason to believe that the District and the OAG may not be entitled to rely on such Standing Letter through the date of delivery of the Bonds. The bidder and each syndicate member listed on an Official Bid Form agree that it will not rescind any applicable Standing Letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the OAG.

In addition, as required under the All Bond Counsel Letter of the OAG dated April 27, 2023, the winning bidder and each syndicate member listed on the Official Bid Form shall immediately notify the District if its Standing Letter is under review by the Texas Comptroller of Public Accounts (the "Comptroller") pursuant to Section 809.051 Texas Government Code (a "bidder under review"). If such Standing Letter becomes subject to review as described above, at any time prior to the date of delivery of the Bonds upon request of the District or Bond Counsel, the bidder under review shall provide the District or Bond Counsel with written confirmation to the effect that (i) it and/or its affiliate intends to timely comply with the Comptroller's request for written verification pursuant to Chapter 809 of the Texas Government Code and (ii) the applicable Standing Letter remains in effect and may be relied upon by the District and the OAG. The District and Bond Counsel may provide such written certifications to the OAG in connection with the issuance of the Bonds.

To the extent the date of delivery of the Bonds occurs before the end of the Comptroller's review period pursuant to Section 809.051 of the Texas Government Code, and the bidder under review is unable to satisfy the OAG or Comptroller's verifications or certifications as described above, the District, pursuant to the All Bond Counsel Letter of the OAG dated April 27, 2023, reserves the right to find a replacement purchaser of the Bonds. Furthermore, the District may cash and accept the Good Faith Deposit full and complete liquidated damages as a result of the inability of the bidder under review to make the verification described in this paragraph. The District shall be under no further liability and no other penalty as a result of such replacement as described above.

By submitting this bid, the undersigned agrees to cooperate with the District and to take any and all action necessary to further verify and confirm compliance with State law.

By submitting this bid, the undersigned understands and agrees that if the undersigned should fail or refuse to take up and pay for the Bonds, or it is determined that after the acceptance of this bid by the District that the undersigned was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then the check submitted herewith as the undersigned's Good Faith Deposit shall be cashed and accepted by the District as full and complete liquidated damages.

The undersigned agrees dissemination of the final Official Statement will be in electronic form only unless written request for printed Official Statements is submitted to the District (in which case the District will furnish to the Initial Purchaser up to 250 printed copies).

The undersigned certifies that the Initial Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or wholly owned subsidiary of a publicly traded business entity

(Syndicate members, if any)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Respectfully submitted,

\_\_\_\_\_  
\_\_\_\_\_

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

(Authorized Representative)

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

#### ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by West Williamson County Municipal Utility District No. 2 this \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

# BOND YEARS

Interest Accrues From: July 6, 2023

Due: September 1

Year	Amount	Bond Years	Cumulative Bond Years	Year
2024	\$ 5,000	5.76	5.76	2024
2025	5,000	10.76	16.53	2025
2026	5,000	15.76	32.29	2026
2027	5,000	20.76	53.06	2027
2028	100,000	515.28	568.33	2028
2029	105,000	646.04	1,214.38	2029
2030	115,000	822.57	2,036.94	2030
2031	120,000	978.33	3,015.28	2031
2032	130,000	1,189.86	4,205.14	2032
2033	135,000	1,370.63	5,575.76	2033
2034	140,000	1,561.39	7,137.15	2034
2035	145,000	1,762.15	8,899.31	2035
2036	150,000	1,972.92	10,872.22	2036
2037	155,000	2,193.68	13,065.90	2037
2038	160,000	2,424.44	15,490.35	2038
2039	165,000	2,665.21	18,155.56	2039
2040	170,000	2,915.97	21,071.53	2040
2041	175,000	3,176.74	24,248.26	2041
2042	185,000	3,543.26	27,791.53	2042
2043	195,000	3,929.79	31,721.32	2043
2044	200,000	4,230.56	35,951.88	2044
2045	210,000	4,652.08	40,603.96	2045
2046	215,000	4,977.85	45,581.81	2046
2047	225,000	5,434.38	51,016.18	2047
2048	1,210,000	30,434.86	81,451.04	2048

Total Bond Years: 81,451.04  
Average Maturity: 18.407015 Years

## CERTIFICATE OF ISSUE PRICE

(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 West Williamson County Municipal Utility District No. 2 ("Issuer") in the principal amount of \$4,425,000 ("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 fee). The amount of such fee is set forth in the Insurer's commitment and does not include any payment direct or indirect services other than the transfer of credit risk, unless the compensation for those services is separately stated, reasonable, and excluded from such. 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 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 & 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)*

## CERTIFICATE OF ISSUE PRICE

(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 West Williamson County Municipal Utility District No. 2 ("Issuer") in the principal amount of \$4,425,000 ("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 fee). The amount of such fee is set forth in the Insurer's commitment and does not include any payment direct or indirect services other than the transfer of credit risk, unless the compensation for those services is separately stated, reasonable, and excluded from such. 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 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 & 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)*



## SCHEDULE OF EVENTS

**West Williamson County Municipal Utility District No. 2**  
**\$4,425,000**

### UNLIMITED TAX BONDS, SERIES 2023

April						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

#### Financing Team

Issuer:	West Williamson County MUD No. 2	DISTRICT
General Counsel:	McLean & Howard LLP	MH
Bond Counsel:	McCall, Parkhurst & Horton LLP	MPH
Financial Advisor:	Public Finance Group LLC	PFG
Engineer:	Jones-Heroy & Associates, Inc.	JH
Bookkeeper:	Bott & Douthitt	BD
Auditor:	McCall Gibson Swedlund Barfoot PLLC	MGSB
Paying Agent:	UMB	UMB

Date	Action	Responsible Party
1/18/2023	Board of Directors <b>Regular</b> Meeting to: Series 2023 Bond Analysis presented to the Board of Directors for consideration and approval Engineer directed to move forward with the preparation and submittal of the Series 2023 Bonds to the TCEQ for (expedited) review and approval	District Staff
3/6/2023	Engineer submits the Application for the Series 2023 Bonds to the TCEQ	JH
3/7/2023	TCEQ Application for the Series 2023 Bonds deemed administratively complete by TCE	TCEQ
3/20/2023	First Draft of Notice of Sale and Preliminary Official Statement ("Offering Documents") distributed to General Counsel, Bond Counsel, Engineer, Bookkeeper, Auditor, and Paying Agent ("District Staff") and Developer for comment	PFG
4/11/2023	Board of Directors <b>Regular</b> Meeting to: Authorize Request for Estimated Assessed Valuation as 4/20/2023 from WCAD; and Authorize the Financial Advisor to apply for municipal bond rating and municipal bond insurance	District Staff
4/11/2023	PFG receives comments on First Draft of Offering Documents	District Staff
4/19/2023	Engineer provides Status of Development as of April 20, 2023	JH

4/20/2023	Estimated Assesed Valuation as of April 20, 2023 requested from WCAD.	PFG
4/24/2023	Second Draft of Offering Documents sent to District Staff for review/comment.	PFG
5/4/2023	Due Diligence Meeting (or Conference Call) w/Bond Counsel and Developer	MPH
5/8/2023	PFG receives comments on Second Draft of Offering Documents	District Staff
5/8/2023	TCEQ distributes the Staff Memorandum and Draft Order on the Bonds	TCEQ
5/9/2023	General Counsel returns signed Staff Memorandum Form	MH
5/9/2023	Board of Directors <b>Regular</b> Meeting to: Consideration and action with respect to Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice to Sale of Bonds; Engagement of Auditor for Reimbursement Audit related to bond issue; and Autorize the Financial Advisor to apply for municipal bond rating and municipal bond insurance	District Staff
5/9/2023	Information sent to Moody's Investors Service, Inc. and municipal bond insurance companies to apply for a municipal bond rating(s) and to apply for municipal bond insurance on the Bonds	PFG
5/10/2023	Estimated Assesed Valuation as of 4/20/2023 received from WCAD	PFG
5/16/2023	TCEQ distributes Order approving issuance of the Bonds	TCEQ
5/22/2023	Final Draft of Offering Documents distributed to District Staff	PFG
5/30/2023	Developer reimbursement documentation provided to MLR	Developer
5/30/2023	Publications of advertisement of sale of Bonds for <i>Texas Bond Reporter</i> and newspaper of major circulation in the district	MPH
6/2/2023	PFG receives municipal bond rating(s) & municipal bond insurance information	PFG
6/8/2023	Final Comments received on draft of POS	District Staff
6/9/2023	Offering Documents electronically posted to PFG website	PFG
6/15/2023	Transcript of Proceedings pre-filed with Attorney General	MPH
6/16/2023	30 Day TCEQ Appeal Period expires	TCEQ
6/19/2023	Marketing phone calls made to potential bond buyers	PFG
6/20/2023	<u>Board of Directors <b>Regular</b> Meeting to:</u> Receive bids on \$4,425,000 Unlimited Tax Bonds, Series 2023 Consider taking any necessary action regarding Order Authorizing the Issuance of West Williamson County Municipal Utility District No. 2 \$6,325,000 Unlimited Tax Bonds, Series 2023; Levying an Ad Valorem Tax in support of the Bonds; Approving an Official Statement; Authorizing the	District

Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of Bonds; and authorizing other matters related to the issuance of Unlimited Tax Bonds, Series 2023.

6/21/2023	Draft copy of Final Official Statement ("OS") distributed to District Staff	PFG
6/28/2023	PFG receives comments on OS	District Staff
6/22/2023	OS delivered to Initial Purchaser	PFG
7/5/2023	Attorney General approves issuance of Bonds	MPH
7/6/2023	<b><i>Closing:</i></b> Funds available to District; Bonds delivered to Initial Purchaser;	MPH
7/6/2023	<u>Board of Directors Meeting to:</u> Board approves Developer Reimbursement Report; Board of Directors authorizes District consultants to make wire transfers from bond proceeds in accordance with Developer Reimbursement Report	District

# **West Williamson County M.U.D. No. 2**

## **Accounting Report**

**May 9, 2023**

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- Review Cash Activity Report, including Receipts and Expenditures.
- Review March 31, 2023 Financial Statements.

☒ Action Items:

- Approve director and vendor payments
- Approve funds transfers:
  - \$16,957.63 – TexPool Operating Account to First Citizens Bank Bookkeeper's Account (Expenditures)
  - \$39,861.00 – TexPool Operating Account to First Citizens Bank Bookkeeper's Account (Replenish)

# 2023

January						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
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12	13	14	15	16	17	18
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26	27	28				

March						
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26	27	28	29	30	31	

April						
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23	24	25	26	27	28	29
30						

May						
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August						
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September						
Su	M	Tu	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December						
Su	M	Tu	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

[illegible]

**West Williamson County M.U.D. No. 2**  
**Cash Activity Report**  
**March 31, 2023 - May 9, 2023**

		First Citizens Bank	
		Operating Account	Bookkeeper's Account
<b>Cash - Reconciled Balance as of March 31, 2023</b>		<b>\$ 50,006.44</b>	<b>\$ 5,542.62</b>
<b>Subsequent Activity through May 9, 2023</b>		<b>-</b>	<b>4,595.53</b>
Transfer Approved April 11, 2023	From TexPool Operating Account	97,109.54	
Transfer Approved April 11, 2023	From TexPool Operating Account	4,457.00	
Expenditures Approved April 11, 2023		(96,971.01)	
	Total - Bookkeeper's Account	<u>4,595.53</u>	
<b>Expenditures to be Approved at May 9, 2023 Board Meeting</b>		<b>-</b>	<b>(16,957.63)</b>
Aaron Googins	Director Fees - May 9, 2023 Meeting	138.53	
Alex Dagle	Director Fees - May 9, 2023 Meeting	138.52	
Bradley Zamzow	Director Fees - May 9, 2023 Meeting	138.53	
Joseph Graham	Director Fees - May 9, 2023 Meeting	138.52	
Justin Lange	Director Fees - May 9, 2023 Meeting	138.53	
Bott & Douthitt, P.L.L.C.	Accounting Fees - March 2023	1,400.00	
McLean & Howard, L.L.P.	Legal Fees - March 2023	1,080.00	
Aquatic Features, Inc.	Detention Pond Maintenance - April 2023	6,625.00	
Arthur J. Gallagher & Co.	Insurance FY 2023-2024	<u>7,160.00</u>	
	Total Expenditures for Approval	<u>16,957.63</u>	
<b>Transfers to be Approved May 9, 2023</b>		<b>-</b>	<b>56,818.63</b>
Transfer for Expenditures Approved 5/9/2023	TexPool Operating Account to First Citizens Bookkeeper's Account	16,957.63	
Transfer to Replenish	TexPool Operating Account to First Citizens Bookkeeper's Account	<u>39,861.00</u>	
		<u>56,818.63</u>	
<b>Projected Balance as of May 9, 2023</b>		<b>\$ 50,006.44</b>	<b>\$ 49,999.15</b>

**West Williamson County M.U.D. No. 2**  
**Cash/Investment Activity Report**  
**March 31, 2023 - May 9, 2023**

	<b>Maturity Date</b>	<b>Interest Rates</b>	<b>Balance 3/31/2023</b>	<b>Subsequent</b>		<b>Subtotal 5/9/2023</b>	<b>Transfers to be Approved 5/9/2023</b>	<b>Projected Balance 5/9/2023</b>
				<b>Receipts</b>	<b>Disbursements</b>			
<b>General Fund -</b>								
First Citizens Bank Operating Account	n/a	0.0500%	\$ 50,006.44	\$ -	\$ -	\$ 50,006.44	\$ -	\$ 50,006.44
First Citizens Bank Bookkeeper's Account	n/a	0.0500%	5,542.62	101,566.54	(113,928.64)	(6,819.48)	56,818.63 (1), (2)	49,999.15
TexPool Operating Account	n/a	4.8004%	1,010,764.52	736,430.60	(101,566.54)	1,645,628.58	(56,818.63) (1), (2)	1,588,809.95
<b>Total - General Fund</b>			<b>1,066,313.58</b>	<b>837,997.14</b>	<b>(215,495.18)</b>	<b>1,688,815.54</b>	<b>-</b>	<b>1,688,815.54</b>
<b>Debt Service Fund -</b>								
TexPool Tax Account	n/a	4.8004%	1,104,360.72	-	(1,093,504.04)	10,856.68	-	10,856.68
TexPool Debt Service Account	n/a	4.8004%	23,810.18	370,000.00	-	393,810.18	-	393,810.18
TexPool SR2021 Capitalized Interest	n/a	4.8004%	47,220.42	-	-	47,220.42	-	47,220.42
TexPool SR2022 Capitalized Interest	n/a	4.8004%	520,663.95	-	-	520,663.95	-	520,663.95
<b>Total - Debt Service Fund</b>			<b>1,696,055.27</b>	<b>370,000.00</b>	<b>(1,093,504.04)</b>	<b>972,551.23</b>	<b>-</b>	<b>972,551.23</b>
<b>Capital Project Fund -</b>								
TexPool SR2021 Capital Projects	n/a	4.8004%	2,901.86	-	-	2,901.86	-	2,901.86
TexPool SR2022 Capital Projects	n/a	4.8004%	122,575.07	-	(12,926.56)	109,648.51	-	109,648.51
<b>Total - Capital Project Fund</b>			<b>125,476.93</b>	<b>-</b>	<b>(12,926.56)</b>	<b>112,550.37</b>	<b>-</b>	<b>112,550.37</b>
<b>Total - All Funds</b>			<b>2,887,845.78</b>	<b>1,207,997.14</b>	<b>(1,321,925.78)</b>	<b>2,773,917.14</b>	<b>\$ -</b>	<b>2,773,917.14</b>

**Transfer Letter Information:**

<sup>(1)</sup> Transfer funds from TexPool Operating Account to First Citizens Bank Bookkeeper's Account: \$16,957.63 (Expenditures)

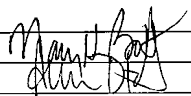
<sup>(2)</sup> Transfer funds from TexPool Operating Account to First Citizens Bank Bookkeeper's Account: \$39,861.00 (Replenish)

**West Williamson County M.U.D. No. 2**
**SCHEDULE OF TEMPORARY INVESTMENTS**

January 1, 2023 to March 31, 2023

FUNDS	IDENTIFICATION	INTEREST RATE	INTEREST 1/23 - 3/23	BEG. BK VAL 1/1/2023	END. BK VAL 3/31/2023	BEG MKT VAL 1/1/2023	END MKT VAL 3/31/2023	TRADE DATE	MATURITY DATE
GENERAL FUND:	<u>First Citizens Bank - Operating Account</u>	0.050%	6.17	50,000.27	50,006.44	50,000.27	50,006.44		
	<u>First Citizens Bank - Bookkeeper's Account</u>	0.050%	1.30	6,038.51	5,542.62	6,038.51	5,542.62		
	<u>TexPool - Operating Account</u>								
	Texas Local Government Investment Pool	4.7920%	10,877.07	976,447.73	1,010,764.52	976,447.73	1,010,764.52		
<b>TOTAL GENERAL OPERATING FUND</b>			<b>10,884.54</b>	<b>1,032,486.51</b>	<b>1,066,313.58</b>	<b>1,032,486.51</b>	<b>1,066,313.58</b>		
DEBT SERVICE FUND:	<u>TexPool - Tax Account</u>								
	Texas Local Government Investment Pool	4.7920%	10,974.63	826,402.95	1,104,360.72	826,402.95	1,104,360.72		
	<u>TexPool - Debt Service Account</u>								
	Texas Local Government Investment Pool	4.7920%	818.95	95,886.22	23,810.18	95,886.22	23,810.18		
	<u>TexPool - SR2021 Capitalized Interest Account</u>								
	Texas Local Government Investment Pool	4.7920%	741.52	80,028.90	47,220.42	80,028.90	47,220.42		
	<u>TexPool - SR2022 Capitalized Interest Account</u>								
	Texas Local Government Investment Pool	4.7920%	6,076.29	574,400.68	520,663.95	574,400.68	520,663.95		
<b>TOTAL DEBT SERVICE FUND</b>			<b>18,611.39</b>	<b>1,576,718.75</b>	<b>1,696,055.27</b>	<b>1,576,718.75</b>	<b>1,696,055.27</b>		
CAPITAL PROJECT FUND:	<u>TexPool - SR2021 CPF</u>								
	Texas Local Government Investment Pool	4.7920%	31.63	2,870.23	2,901.86	2,870.23	2,901.86		
	<u>TexPool - SR2022 CPF</u>								
	Texas Local Government Investment Pool	4.7920%	1,386.18	121,188.89	122,575.07	121,188.89	122,575.07		
<b>TOTAL CAPITAL PROJECTS FUND</b>			<b>1,417.81</b>	<b>124,059.12</b>	<b>125,476.93</b>	<b>124,059.12</b>	<b>125,476.93</b>		
<b>TOTAL ALL FUNDS</b>			<b>30,913.74</b>	<b>2,733,264.38</b>	<b>2,887,845.78</b>	<b>2,733,264.38</b>	<b>2,887,845.78</b>		

This quarterly report is in full compliance with the investment strategy as established for the Public Funds Investment Act (Chapter 2459, amending Chapter 2256); and Investment Policy and Strategies set forth by District.





# Recap & Standings Report

WTAXSaaS

Cycles: All Taxing Units: Coupland ISD... Deposit Date Range: 03/01/2023 to 03/31/2023 Sorted By: By Year, Descending Options: Separate Rollbacks, Include

## Property Tax

M70 (West Wmsn Co MUD #2)

2022 Fiscal Year: 10/01/2022 - 09/30/2023

Taxing Unit Totals (IS,MO,SA)

	Original Roll	Beg. Uncollected	Adjustments	Adjusted Uncollected	Collections	P&I Collected	Credits / Discounts Allowed	Atty. Fee Collected	Variance	Uncollected Balance YTD	Collections
2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	1,113,648.59	10,126.94	0.00	10,126.94	1,495.30	64.12	0.00	0.00	0.00	8,631.64	1,100,916.42
2021	782,165.33	1,899.52	0.00	1,899.52	0.00	0.00	0.00	0.00	0.00	1,899.52	641.37
2020	440,965.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019	167,014.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018	72,222.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017	959.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016	892.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003 & prior	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### Summary

Total Current	1,113,648.59	10,126.94	0.00	10,126.94	1,495.30	64.12	0.00	0.00	0.00	8,631.64	1,100,916.42
Total Delinquent	1,464,220.52	1,899.52	0.00	1,899.52	0.00	0.00	0.00	0.00	0.00	1,899.52	641.37
Rollbacks		5,123.68	0.00	5,123.68	0.00	0.00	0.00	0.00	0.00	5,123.68	55,078.47
Taxing Unit Total	2,577,869.11	17,150.14	0.00	17,150.14	1,495.30	64.12	0.00	0.00	0.00	15,654.84	1,156,636.26

### Percentages

% of Roll Collected - 2022 - 99.22%	Adjusted Original Roll -- \$1,109,548.06	Current YTD Collected -- \$1,100,916.42
Tax Collections Compared to Current Taxes Billed 14.77% Collected		
All Collections Compared to Current Taxes Billed 15.40% Collected		
Combined Collections (Collections + P&I Collected) -- 1,559.42		

**West Williamson County M.U.D. No. 2**  
**ANALYSIS OF TAXES COLLECTED FOR RECONCILIATION FY 2022-2023**  
**March 31, 2023**

TAX YEAR	2022			Prior Years			TOTAL		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
PERCENTAGE	\$ 0.5330	\$ 0.2900	\$ 0.8230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COLLECTIONS:									
OCT									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	18,860.84	10,261.99	29,122.83	133.97	78.67	212.64	18,994.81	10,340.66	29,335.47
PENALTY	0.00	0.00	0.00	28.13	16.52	44.65	28.13	16.52	44.65
NOV									
TAX ADJUSTMENTS	(1,048.30)	(570.37)	(1,618.67)	0.00	0.00	0.00	(1,048.30)	(570.37)	(1,618.67)
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	21,466.26	11,679.58	33,145.84	0.00	0.00	0.00	21,466.26	11,679.58	33,145.84
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEC									
TAX ADJUSTMENTS	(722.45)	(393.08)	(1,115.53)	0.00	0.00	0.00	(722.45)	(393.08)	(1,115.53)
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	490,968.84	267,131.26	758,100.10	0.00	0.00	0.00	490,968.84	267,131.26	758,100.10
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAN									
TAX ADJUSTMENTS	(884.88)	(481.45)	(1,366.33)	0.00	0.00	0.00	(884.88)	(481.45)	(1,366.33)
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	82,345.07	44,803.13	127,148.20	131.79	77.39	209.18	82,476.86	44,880.52	127,357.38
PENALTY	0.00	0.00	0.00	30.32	17.80	48.12	30.32	17.80	48.12
FEB									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	98,377.78	53,526.37	151,904.15	50,810.51	4,487.51	55,298.02	149,188.29	58,013.88	207,202.17
PENALTY	0.00	0.00	0.00	34.58	20.31	54.89	34.58	20.31	54.89
MAR									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	968.40	526.90	1,495.30	0.00	0.00	0.00	968.40	526.90	1,495.30
PENALTY	41.53	22.59	64.12	0.00	0.00	0.00	41.53	22.59	64.12
APR									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
MAY									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
JUN									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
JUL									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
AUG									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
SEP									
TAX ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	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
TOTAL									
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAXES	712,987.18	387,929.24	1,100,916.42	51,076.28	4,643.56	55,719.84	764,063.46	392,572.80	1,156,636.26
PENALTY	41.53	22.59	64.12	93.03	54.63	147.66	134.56	77.22	211.78
TOTAL DISTRIBUTION	713,028.71	387,951.83	1,100,980.54	51,169.31	4,698.19	55,867.50	764,198.02	392,650.02	1,156,848.04
BEGINNING									
TAXES RECEIVABLE	721,232.93	392,415.66	1,113,648.59	57,073.29	5,669.75	62,743.04	778,306.21	398,085.42	1,176,391.63
TAX ADJUSTMENTS	(2,655.63)	(1,444.90)	(4,100.53)	0.00	0.00	0.00	(2,655.63)	(1,444.90)	(4,100.53)
BASE TAX REV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: COLLECTIONS	(712,987.18)	(387,929.24)	(1,100,916.42)	(51,076.28)	(4,643.56)	(55,719.84)	(764,063.46)	(392,572.80)	(1,156,636.26)
TAX REC @ END OF PERIOD	5,590.11	3,041.53	8,631.64	5,997.01	1,026.19	7,023.20	11,587.13	4,067.71	15,654.84

**West Williamson County M.U.D. No. 2**

**Accountant's Compilation Report**

**March 31, 2023**

The District is responsible for the accompanying financial statements of the governmental activities of West Williamson County M.U.D. No. 2, as of and for the six months ended March 31, 2023, which collectively comprise the District's basic financial statements – governmental funds in accordance with the accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The District has omitted the management's discussion and analysis, the Statement of Net Assets, and Statement of Activities that the Governmental Accounting Standards Board required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context.

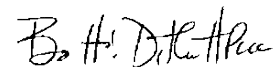
In addition, the District has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and components required by GASB 34 were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Supplementary Information

The supplementary information contained in the schedules described in the Supplementary Information Index is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to West Williamson County M.U.D. No. 2.



BOTT & DOUTHITT, P.L.L.C.

April 28, 2023  
Round Rock, TX

**West Williamson County M.U.D. No. 2**  
**Governmental Funds Balance Sheet**  
**March 31, 2023**

	<b>Governmental Funds</b>			<b>Governmental Funds Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	
<b>Assets</b>				
Cash and Cash Equivalents				
Cash	\$ 55,549.06	\$ -	\$ -	\$ 55,549.06
Cash Equivalents	1,010,764.52	1,696,055.27	125,476.93	2,832,296.72
Receivables				
Property Taxes	11,587.13	4,067.71	-	15,654.84
Prepaid Expense	3,737.34	-	35,402.88	39,140.22
Interfund	773,350.73	-	-	773,350.73
<b>Total Assets</b>	<b>\$ 1,854,988.78</b>	<b>\$ 1,700,122.98</b>	<b>\$ 160,879.81</b>	<b>\$ 3,715,991.57</b>
<b>Liabilities</b>				
Accounts Payable	\$ 56,896.91	\$ -	\$ -	\$ 56,896.91
Accrued Expenses	400.00	-	-	400.00
Payroll Taxes Payable	68.88	-	-	68.88
Interfund	-	725,021.29	48,329.44	773,350.73
<b>Total Liabilities</b>	<b>57,365.79</b>	<b>725,021.29</b>	<b>48,329.44</b>	<b>830,716.52</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	11,587.13	4,067.71	-	15,654.84
<b>Total Deferred Inflows of Resources</b>	<b>11,587.13</b>	<b>4,067.71</b>	<b>-</b>	<b>15,654.84</b>
<b>Fund Balance</b>				
Fund Balances:				
Restricted for				
Debt Service	-	971,033.98	-	971,033.98
Capital Projects	-	-	112,550.37	112,550.37
Unassigned	1,786,035.86	-	-	1,786,035.86
<b>Total Fund Balances</b>	<b>1,786,035.86</b>	<b>971,033.98</b>	<b>112,550.37</b>	<b>2,869,620.21</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,854,988.78</b>	<b>\$ 1,700,122.98</b>	<b>\$ 160,879.81</b>	<b>\$ 3,715,991.57</b>

**West Williamson County M.U.D. No. 2**  
**Statement of Revenues,**  
**Expenditures & Changes in Fund Balance-Governmental Funds**  
**October 1, 2022 - March 31, 2023**

	Governmental Funds			Governmental Funds Total
	General Fund	Debt Service Fund	Capital Projects Fund	
<b>Revenues:</b>				
Property Taxes, including penalties & interest	\$ 764,198.02	\$ 392,650.02	\$ -	\$ 1,156,848.04
Drainage Fees	43,400.00	-	-	43,400.00
Interest Income	19,031.28	22,063.24	2,745.05	43,839.57
<b>Total Revenues</b>	<u>826,629.30</u>	<u>414,713.26</u>	<u>2,745.05</u>	<u>1,244,087.61</u>
<b>Expenditures:</b>				
Current-				
District Facilities				
Pond Maintenance	12,675.00	-	-	12,675.00
Administrative Services				
Director Fees, including payroll taxes	2,583.62	-	-	2,583.62
Tax Assessor/Collector	1,967.03	1,070.14	-	3,037.17
Miscellaneous	510.00	-	-	510.00
Professional Fees				
Legal Fees	8,546.35	-	-	8,546.35
Accounting Fees	11,837.50	-	-	11,837.50
Engineering Fees	1,996.36	-	-	1,996.36
Financial Advisory Fees	1,088.02	591.98	-	1,680.00
Audit Fees	10,250.00	-	-	10,250.00
Debt Service -				
Paying Agent Fees	-	800.00	-	800.00
Bond Interest Expense	-	186,258.01	-	186,258.01
Bond Issue Expenses	-	-	665,274.12	665,274.12
Developer Interest	-	-	483,014.14	483,014.14
Capital Outlay	-	-	4,553,877.88	4,553,877.88
<b>Total Expenditures</b>	<u>51,453.88</u>	<u>188,720.13</u>	<u>5,702,166.14</u>	<u>5,942,340.15</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>775,175.42</u>	<u>225,993.13</u>	<u>(5,699,421.09)</u>	<u>(4,698,252.54)</u>
<b>Other Financing Sources/(Uses):</b>				
Bond Proceeds	-	573,290.66	5,751,709.34	6,325,000.00
Bond Premium	-	-	128,113.30	128,113.30
Bond Discount	-	-	(126,773.10)	(126,773.10)
<b>Total Other Financing Sources/(Uses)</b>	<u>-</u>	<u>573,290.66</u>	<u>5,753,049.54</u>	<u>6,326,340.20</u>
<b>Excess/(Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	<u>775,175.42</u>	<u>799,283.79</u>	<u>53,628.45</u>	<u>1,628,087.66</u>
<b>Fund Balance, October 1, 2022</b>	<u>1,010,860.44</u>	<u>171,750.19</u>	<u>58,921.92</u>	<u>1,241,532.55</u>
<b>Fund Balance, March 31, 2023</b>	<u>\$ 1,786,035.86</u>	<u>\$ 971,033.98</u>	<u>\$ 112,550.37</u>	<u>\$ 2,869,620.21</u>

## Supplementary Information

### Index

#### General Fund

- Budgetary Comparison
- Revenues & Expenditures: Actual + Budgeted

#### Debt Service Fund

- Debt Service Schedule

**West Williamson County M.U.D. No. 2**  
**Budgetary Comparison Schedule - General Fund**  
**March 31, 2023**

	CURRENT MONTH			YEAR TO DATE		
	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<b>Revenues:</b>						
Property Taxes, including P & I	\$ 1,009.93	\$ -	\$ 1,009.93	\$ 764,198.02	\$ 719,597.00	\$ 44,601.02
Interest	3,945.13	-	3,945.13	19,031.28	-	19,031.28
Drainage Fees	-	7,000.00	(7,000.00)	43,400.00	42,000.00	1,400.00
<b>Total Revenues</b>	<u>4,955.06</u>	<u>7,000.00</u>	<u>(2,044.94)</u>	<u>826,629.30</u>	<u>761,597.00</u>	<u>65,032.30</u>
<b>Expenditures:</b>						
Current -						
District Facilities						
Pond Maintenance	2,175.00	2,500.00	325.00	12,675.00	15,500.00	2,825.00
Administrative Services						
Director Fees, inc payroll taxes	-	815.00	815.00	2,583.62	3,260.00	676.38
Director Reimbursements	-	25.00	25.00	-	100.00	100.00
Tax Assessor/Collector	932.43	800.00	(132.43)	1,967.03	1,600.00	(367.03)
Miscellaneous	460.00	100.00	(360.00)	510.00	600.00	90.00
Professional Fees						
Legal Fees	1,080.00	2,750.00	1,670.00	8,546.35	13,000.00	4,453.65
Accounting Fees	1,400.00	1,800.00	400.00	11,837.50	10,700.00	(1,137.50)
Engineering Fees	400.00	750.00	350.00	1,996.36	4,000.00	2,003.64
Financial Advisor	-	-	-	1,088.02	1,500.00	411.98
Audit Fees	-	-	-	10,250.00	9,500.00	(750.00)
<b>Total Expenditures</b>	<u>6,447.43</u>	<u>9,540.00</u>	<u>3,092.57</u>	<u>51,453.88</u>	<u>59,760.00</u>	<u>8,306.12</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>\$ (1,492.37)</u>	<u>\$ (2,540.00)</u>	<u>\$ 1,047.63</u>	<u>\$ 775,175.42</u>	<u>\$ 701,837.00</u>	<u>\$ 73,338.42</u>

**West Williamson County M.U.D. No. 2**  
**Revenues and Expenditures - General Fund: Actual + Budgeted**  
**Fiscal Year 2022-2023**

	FY 2022 Budget Approved 9/14/22	Actual Oct-22	Actual Nov-22	Actual Dec-22	Actual Jan-23	Actual Feb-23	Actual Mar-23	Budget Apr-23	Budget May-23	Budget Jun-23	Budget Jul-23	Budget Aug-23	Budget Sep-23	Actual + Budget	Variance
<b>Revenues:</b>															
Property Taxes, inc penalties/interest	\$ 719,597	\$ 19,023	\$ 21,466	\$ 490,969	\$ 82,507	\$ 149,223	\$ 1,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,198	44,601
Interest	-	2,309	2,696	3,142	3,474	3,465	3,945	-	-	-	-	-	-	19,031	19,031
Drainage Fees	80,500	-	43,400	-	-	-	-	7,000	6,300	6,300	6,300	6,300	6,300	81,900	1,400
<b>Total Revenues</b>	<b>800,097</b>	<b>21,332</b>	<b>67,563</b>	<b>494,111</b>	<b>85,981</b>	<b>152,688</b>	<b>4,955</b>	<b>7,000</b>	<b>6,300</b>	<b>6,300</b>	<b>6,300</b>	<b>6,300</b>	<b>6,300</b>	<b>865,129</b>	<b>65,032</b>
<b>Expenditures:</b>															
District Facilities															
Pond Maintenance	30,500	2,100	2,100	2,100	2,100	2,100	2,175	2,500	2,500	2,500	2,500	2,500	2,500	27,675	2,825
Administrative Services															
Director Fees, inc payroll taxes	5,705	-	646	1,453	484	-	-	-	815	-	-	815	815	5,029	676
Director Reimbursements	175	-	-	-	-	-	-	-	25	-	-	25	25	75	100
Tax Assessor/Collector	3,200	-	-	1,035	-	-	932	-	-	800	-	-	800	3,567	(367)
Public Notice	500	-	-	-	-	-	-	-	-	-	-	-	500	500	-
Insurance	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
Miscellaneous	1,200	-	25	-	25	-	460	100	100	100	100	100	100	1,110	90
Professional Fees															
Legal Fees	26,000	933	1,798	1,945	2,673	117	1,080	1,000	2,750	1,000	2,750	2,750	2,750	21,546	4,454
Bookkeeping Fees	19,850	1,400	1,813	2,500	3,325	1,400	1,400	1,250	1,800	1,250	1,250	1,800	1,800	20,988	(1,138)
Engineering Fees	8,000	208	360	518	511	-	400	500	750	500	750	750	750	5,996	2,004
Audit Fees	9,500	-	-	8,000	-	2,250	-	-	-	-	-	-	-	10,250	(750)
Financial Advisor Fees	1,500	1,088	-	-	-	-	-	-	-	-	-	-	-	1,088	412
<b>Total Expenditures</b>	<b>112,130</b>	<b>5,729</b>	<b>6,741</b>	<b>17,550</b>	<b>9,119</b>	<b>5,867</b>	<b>6,447</b>	<b>5,350</b>	<b>8,740</b>	<b>6,150</b>	<b>7,350</b>	<b>8,740</b>	<b>16,040</b>	<b>103,824</b>	<b>8,306</b>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<b>\$ 687,967</b>	<b>\$ 15,603</b>	<b>\$ 60,821</b>	<b>\$ 476,560</b>	<b>\$ 76,862</b>	<b>\$ 146,821</b>	<b>\$ (1,492)</b>	<b>\$ 1,650</b>	<b>\$ (2,440)</b>	<b>\$ 150</b>	<b>\$ (1,050)</b>	<b>\$ (2,440)</b>	<b>\$ (9,740)</b>	<b>\$ 761,305</b>	<b>\$ 73,338</b>



## Debt Service Fund

# **West Williamson County M.U.D. No. 2** **Debt Service Schedule**

Due Date	Paid Date	Series 2019		Series 2020		Series 2021		Series 2022		Total	
		(Interest Rates 2.200% - 4.000%)		(Interest Rates 2.250% - 4.250%)		(Interest Rates 2.625% - 4.625%)		(Interest Rates 2.625% - 4.625%)			
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
9/1/2019	9/1/2019	-	22,367	-	-	-	-	-	-	-	22,367
FY 2019		-	22,367	-	-	-	-	-	-	-	22,367
3/1/2020	3/1/2020	-	43,761	-	-	-	-	-	-	-	43,761
9/1/2020	9/1/2020	-	43,761	-	-	-	-	-	-	-	43,761
FY 2020		-	87,521	-	-	-	-	-	-	-	87,521
3/1/2021	3/1/2021	-	43,761	-	41,588	-	-	-	-	-	85,348
9/1/2021	9/1/2021	70,000	43,761	85,000	54,641	-	-	-	-	155,000	98,401
FY 2021		70,000	87,521	85,000	96,228	-	-	-	-	155,000	183,749
3/1/2022	3/1/2022	-	42,991	-	52,834	-	14,263	-	-	-	110,088
9/1/2022	9/1/2022	70,000	42,991	100,000	52,834	10,000	33,781	-	-	180,000	129,606
FY 2022		70,000	85,981	100,000	105,669	10,000	48,044	-	-	180,000	239,694
3/1/2023	3/1/2023	-	42,186	-	50,709	-	33,550	-	59,813	-	186,258
9/1/2023		75,000	42,186	105,000	50,709	10,000	33,550	5,000	141,663	195,000	268,108
FY 2023		75,000	84,371	105,000	101,419	10,000	67,100	5,000	201,476	195,000	454,366
3/1/2024		-	41,286	-	48,478	-	33,319	-	141,513	-	264,595
9/1/2024		75,000	41,286	110,000	48,478	10,000	33,319	5,000	141,513	200,000	264,595
FY 2024		75,000	82,571	110,000	96,956	10,000	66,638	5,000	283,025	200,000	529,190
3/1/2025		-	40,311	-	46,141	-	33,088	-	141,363	-	260,901
9/1/2025		80,000	40,311	115,000	46,141	10,000	33,088	5,000	141,363	210,000	260,901
FY 2025		80,000	80,621	115,000	92,281	10,000	66,175	5,000	282,725	210,000	521,803
3/1/2026		-	39,231	-	43,697	-	32,856	-	141,213	-	256,996
9/1/2026		85,000	39,231	120,000	43,697	70,000	32,856	5,000	141,213	280,000	256,996
FY 2026		85,000	78,461	120,000	87,394	70,000	65,713	5,000	282,425	280,000	513,993
3/1/2027		-	38,062	-	41,147	-	31,238	-	141,063	-	251,509
9/1/2027		90,000	38,062	120,000	41,147	75,000	31,238	170,000	141,063	455,000	251,509
FY 2027		90,000	76,124	120,000	82,294	75,000	62,475	170,000	282,125	455,000	503,018
3/1/2028		-	36,802	-	38,597	-	30,113	-	135,963	-	241,474
9/1/2028		90,000	36,802	125,000	38,597	80,000	30,113	180,000	135,963	475,000	241,474
FY 2028		90,000	73,604	125,000	77,194	80,000	60,225	180,000	271,925	475,000	482,948
3/1/2029		-	35,497	-	35,941	-	28,913	-	130,563	-	230,913
9/1/2029		95,000	35,497	130,000	35,941	85,000	28,913	185,000	130,563	495,000	230,913
FY 2029		95,000	70,994	130,000	71,881	85,000	57,825	185,000	261,125	495,000	461,825
3/1/2030		-	34,072	-	34,478	-	27,638	-	125,013	-	221,200
9/1/2030		100,000	34,072	135,000	34,478	80,000	27,638	195,000	125,013	510,000	221,200
FY 2030		100,000	68,144	135,000	68,956	80,000	55,275	195,000	250,025	510,000	442,400
3/1/2031		-	32,572	-	32,959	-	26,438	-	119,163	-	211,131
9/1/2031		105,000	32,572	145,000	32,959	75,000	26,438	205,000	119,163	530,000	211,131
FY 2031		105,000	65,144	145,000	65,919	75,000	52,875	205,000	238,325	530,000	422,263
3/1/2032		-	30,866	-	31,328	-	25,313	-	113,269	-	200,775
9/1/2032		110,000	30,866	150,000	31,328	75,000	25,313	215,000	113,269	550,000	200,775
FY 2032		110,000	61,731	150,000	62,656	75,000	50,625	215,000	226,538	550,000	401,550
3/1/2033		-	28,941	-	29,641	-	24,188	-	108,969	-	191,738
9/1/2033		115,000	28,941	155,000	29,641	75,000	24,188	220,000	108,969	565,000	191,738
FY 2033		115,000	57,881	155,000	59,281	75,000	48,375	220,000	217,938	565,000	383,475
3/1/2034		-	26,928	-	27,897	-	23,063	-	104,569	-	182,456
9/1/2034		120,000	26,928	160,000	27,897	75,000	23,063	230,000	104,569	585,000	182,456
FY 2034		120,000	53,856	160,000	55,794	75,000	46,125	230,000	209,138	585,000	364,913
3/1/2035		-	24,828	-	26,097	-	21,938	-	99,969	-	172,831
9/1/2035		125,000	24,828	165,000	26,097	75,000	21,938	245,000	99,969	610,000	172,831
FY 2035		125,000	49,656	165,000	52,194	75,000	43,875	245,000	199,938	610,000	345,663
3/1/2036		-	22,641	-	24,241	-	20,813	-	95,069	-	162,763
9/1/2036		130,000	22,641	175,000	24,241	70,000	20,813	255,000	95,069	630,000	162,763
FY 2036		130,000	45,281	175,000	48,481	70,000	41,625	255,000	190,138	630,000	325,525
3/1/2037		-	20,284	-	22,272	-	19,763	-	89,969	-	152,288
9/1/2037		135,000	20,284	180,000	22,272	70,000	19,763	270,000	89,969	655,000	152,288
FY 2037		135,000	40,569	180,000	44,544	70,000	39,525	270,000	179,938	655,000	304,575
3/1/2038		-	17,753	-	20,247	-	18,713	-	84,569	-	141,281
9/1/2038		140,000	17,753	185,000	20,247	75,000	18,713	275,000	84,569	675,000	141,281
FY 2038		140,000	35,506	185,000	40,494	75,000	37,425	275,000	169,138	675,000	282,563
3/1/2039		-	15,128	-	18,166	-	17,588	-	79,069	-	129,950
9/1/2039		145,000	15,128	195,000	18,166	70,000	17,588	290,000	79,069	700,000	129,950
FY 2039		145,000	30,256	195,000	36,331	70,000	35,175	290,000	158,138	700,000	259,900
3/1/2040		-	12,409	-	15,972	-	16,538	-	72,906	-	117,825
9/1/2040		150,000	12,409	205,000	15,972	70,000	16,538	305,000	72,906	730,000	117,825
FY 2040		150,000	24,819	205,000	31,944	70,000	33,075	305,000	145,813	730,000	235,650
3/1/2041		-	9,597	-	13,538	-	15,619	-	66,425	-	105,178
9/1/2041		160,000	9,597	210,000	13,538	65,000	15,619	320,000	66,425	755,000	105,178
FY 2041		160,000	19,194	210,000	27,075	65,000	31,238	320,000	132,850	755,000	210,356
3/1/2042		-	6,597	-	11,044	-	14,766	-	59,625	-	92,031
9/1/2042		165,000	6,597	220,000	11,044	65,000	14,766	330,000	59,625	780,000	92,031
FY 2042		165,000	13,194	220,000	22,088	65,000	29,531	330,000	119,250	780,000	184,063
3/1/2043		-	3,400	-	8,431	-	13,913	-	52,613	-	78,356
9/1/2043		170,000	3,400	230,000	8,431	65,000	13,913	345,000	52,613	810,000	78,356
FY 2043		170,000	6,800	230,000	16,863	65,000	27,825	345,000	105,225	810,000	156,713
3/1/2044		-	-	-	5,700	-	13,059	-	45,281	-	64,041
9/1/2044		-	-	235,000	5,700	245,000	13,059	360,000	45,281	840,000	64,041
FY 2044		-	-	235,000	11,400	245,000	26,119	360,000	90,563	840,000	128,081
3/1/2045		-	-	-	2,909	-	9,844	-	37,406	-	50,159
9/1/2045		-	-	245,000	2,909	245,000	9,844	380,000	37,406	870,000	50,159
FY 2045		-	-	245,000	5,819	245,000	19,688	380,000	74,813	870,000	100,319
3/1/2046		-	-	-	-	-	6,628	-	29,094	-	35,722
9/1/2046		-	-	-	-	505,000	6,628	395,000	29,094	900,000	35,722
FY 2046		-	-	-	-	505,000	13,256	395,000	58,188	900,000	71,444
3/1/2047		-	-	-	-	-	-	-	20,453	-	20,453
9/1/2047		-	-	-	-	-	-	935,000	20,453	935,000	20,453
FY 2047		-	-	-	-	-	-	935,000	40,906	935,000	40,906
Total		\$ 2,600,000	\$ 1,402,168	\$ 4,000,000	\$ 1,461,153	\$ 2,350,000	\$ 1,125,826	\$ 6,325,000	\$ 4,671,682	\$ 15,275,000	\$ 8,660,829

## EXPENDITURES TO BE APPROVED



# Invoice

Date	Invoice #
3/31/2023	13540

Bill To
West Williamson County MUD No. 2 c/o Bott & Douthitt PLLC PO Box 2445 Round Rock, TX 78681

Description	Amount
Monthly Accounting Services (No Meeting in Current Month)	1,400.00
By/Date Received: <u>DL 4-4-23</u> By/Date Posted: <u>DL 4-5-23</u> Approved for Payment: _____ Hand Delivered to: _____ Mailed By/Date: _____ GL#: <u>6333</u>	
Thank you for your business!	<b>Total</b> \$1,400.00

**McLean & Howard, L.L.P.**

4301 Bull Creek Road  
Suite 150  
Austin, TX 78731

Ph: 512-328-2008

Fax: 512-328-2409

West Williamson County MUD No. 2

March 31, 2023

c/o Bott & Douthitt, PLLC  
P. O. Box 2445  
Round Rock, TX 78680-2445

**Attention:**

File #: 2353-001

Inv #: 45624

**RE:** General

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
Mar-20-23	Contact Board members and consultants to schedule a Board meeting.	0.25	30.00	LJH
Mar-23-23	Participate in conferences relating to refund of drainage fees.	0.60	240.00	ASC
Mar-24-23	Review and revise meeting agenda. Conference with bookkeeper regarding drainage fee matters.	1.10	440.00	ASC
	Draft agenda and distribute it for comments. Draft Resolution Requesting Appraisal Certificate;	0.75	90.00	LJH
Mar-28-23	Revise Order Relating to Drainage Fees.	0.70	280.00	ASC
	Totals	3.40	\$1,080.00	
	<b>Total Fees, Disbursements</b>		<b>\$1,080.00</b>	
	Previous Balance		\$4,735.17	
	Previous Payments		\$0.00	
	<b>Balance Due Now</b>		<b>\$5,815.17</b>	

By/Date Received: DL 4-13-23

By/Date Posted: CR 4.28

Approved for Payment: \_\_\_\_\_

Hand Delivered to: \_\_\_\_\_

Mailed By/Date: \_\_\_\_\_

GL#: 6330

Aquatic Features, Inc.

6611 Burnet Lane  
Austin, TX 78757

# Invoice

Date	Invoice #
5/2/2023	202305059

<b>Bill To</b>
West Williamson County Mud No. 2 C/O Bott & Douthitt, P.L.L.C. PO Box 2445 Round Rock, TX 786980

<b>Info</b>

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	Detention pond maintenance: work is done the preceding month from invoice date. Ponds:	0.00	0.00
1	Batch Detention Pond A	475.00	475.00
1	Batch Detention Pond B	475.00	475.00
1	Batch Detention Pond C	475.00	475.00
1	Batch Detention Pond D	475.00	475.00
1	Batch Detention Pond E	500.00	500.00
1	Batch Detention Pond F	475.00	475.00
1	Batch Detention Pond H	625.00	625.00
1	Drainage 1	200.00	200.00
1	Drainage 2	300.00	300.00
1	Drainage 2a	750.00	750.00
1	Drainage 3	1,375.00	1,375.00
1	Drainage 4	500.00	500.00
	Travis sales tax	8.25%	0.00
		By/Date Received: <u>025-1-23</u>	
		By/Date Posted: <u>CR 5.1</u>	
		Approved for Payment: _____	
		Hand Delivered to: _____	
		Mailed By/Date: _____	
		GL#: <u>6550</u>	
<b>Total</b>			\$6,625.00

<b>Phone #</b>
(512) 301-3199

<b>E-mail</b>	<b>Web Site</b>
scott@aquaticfeaturesinc.com	aquaticfeaturesinc.com

Arthur J. Gallagher & Co.  
1900 West Loop South, Suite 1600  
Houston, TX 77027

Phone: 800-222-9044  
Fax: 713-358-5245



### Premium Summary

**West Williamson County MUD 2**  
Attn: Mary Bott of Bott & Douthitt  
[mary@bottdouthitt.com](mailto:mary@bottdouthitt.com)

Customer #	WESTWIL-01
Summary	All Lines
Amount Due	7,160.00
Payment for	Insurance 23-24

Thank You

Effective	Transaction		Amount
6/10/2023	Real Property/EQ/FL General Liability/H&N Auto/ Pollution Excess Liability Equipment Breakdown Directors & Officers Liability Directors Bond Consultants Bond Agency Fee	1,256   818	\$7,160.00
*INDICATE CUSTOMER # ON ALL CHECKS! PAYMENT DUE 06/10/2023			
<b>Please Pay This Amount</b>			<b>Total</b>
Make Check Payable to: Arthur J. Gallagher			\$7,160.00
Remittance address: 1900 West Loop South, Suite 1600, Houston, TX 77027			

Thank You

By/Date Received: 05-1-23  
By/Date Posted: CR 5.1  
Approved for Payment: \_\_\_\_\_  
Hand Delivered to: \_\_\_\_\_  
Mailed By/Date: \_\_\_\_\_  
GL#: 1185