

NEW ISSUE-BOOK-ENTRY-ONLY

**RATING: BAM Insured: S&P “AA” (Stable Outlook)**  
See “MUNICIPAL BOND RATING” and “BOND INSURANCE”

*In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date thereof 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.*

**\$5,700,000**  
**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**(A Political Subdivision of the State of Texas Located in Williamson County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2024**

**Dated: June 27, 2024**

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

Interest on the \$5,700,000 Berry Creek Highlands Municipal Utility District Unlimited Tax Bonds, Series 2024 (the “Bonds”) will accrue from the Date of Initial Delivery, defined below, and is payable September 1, 2024, and each March 1 and September 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/registrar for the Bonds is UMB Bank, NA, Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”). The Bonds are obligations solely of Berry Creek Highlands Municipal Utility District (the “District”) 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 scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. See “BOND INSURANCE” and “APPENDIX C - Specimen Municipal Bond Insurance Policy.”



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

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The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be 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 RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

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 to, among other things, 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”). Delivery of the Bonds is expected through the facilities of DTC on or about June 27, 2024 (the “Date of Initial Delivery”) in Austin, Texas.

**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS**

(Due September 1)

CUSIP Prefix: 08577Q

Due September 1	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>	Due September 1	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>
2026	\$ 150,000	6.000%	3.650%	AA6	***	***	***	***	***
2027	150,000	6.000%	3.550%	AB4	2039*	250,000	4.000%	4.050%	AP3
2028	150,000	6.000%	3.500%	AC2	2040*	275,000	4.000%	4.140%	AQ1
2029	175,000	6.000%	3.500%	AD0	2041*	300,000	4.000%	4.180%	AR9
2030	175,000	6.000%	3.500%	AE8	2042*	300,000	4.000%	4.220%	AS7
2031*	175,000	6.000%	3.500%	AF5	2043*	325,000	4.000%	4.260%	AT5
2032*	200,000	6.000%	3.600%	AG3	2044*	325,000	4.125%	4.300%	AU2
2033*	200,000	4.000%	3.650%	AH1	2045*	350,000	4.125%	4.330%	AV0
2034*	200,000	4.000%	3.700%	AJ7	2046*	350,000	4.125%	4.360%	AW8
2035*	225,000	4.000%	3.750%	AK4	2047*	350,000	4.125%	4.380%	AX6
2036*	225,000	4.000%	3.850%	AL2	2048*	350,000	4.125%	4.400%	AY4
\$500,000 4.000% <sup>(a)</sup> Term Bond Due September 1, 2038* Yield 4.000% <sup>(b)</sup> CUSIP Suffix AN8 <sup>(c)</sup>									

\* 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 Term Bond maturing September 1, 2038 (the "Term Bond") is also subject to mandatory sinking fund redemption. 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 97.000% of par, resulting in a net effective interest rate to the District of 4.402811%.
- (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, or 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 enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX C - Specimen Municipal Bond Insurance Policy".**

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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 opinions, 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 for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule").

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.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or 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."

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 "RISK FACTORS – Forward-Looking Statements."

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 RBC Capital Markets, LLC (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 97.000% 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 the 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.

### **MUNICIPAL BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a rating of "AA" (stable outlook) to the Bonds, as a result of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer") at the time of delivery of the Bonds. The District has not applied for an 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 judgement of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **BOND INSURANCE**

#### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

#### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$483.2 million, \$221.8 million and \$261.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

**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 investment considerations. See “RISK FACTORS.”

**THE DISTRICT**

- The District..... Berry Creek Highlands Municipal Utility District (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 July 22, 2019, and confirmed pursuant to an election held within the District on November 5, 2019. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect, and treat wastewater, providing roads, and providing and operating parks and recreational facilities, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. See “THE DISTRICT – General.”
  
- Location ..... The District is located entirely within the city limits of the City of Georgetown, Texas (“Georgetown” or the “City”), and is situated in northern Williamson County, approximately 7.3 miles northwest of the Georgetown central business district. The District lies north of Shell Road and west of State Highway 195. See “LOCATION MAP” and “THE DISTRICT - Location.”
  
- The Developers ..... The developers currently active within the District are Berry Creek (Georgetown) ASLI IX, LLC, a Delaware limited partnership (“Berry Creek (Georgetown)”), an entity controlled by Marvin Shapiro, and Ashton Austin Residential, L.L.C., a Texas limited liability company (“Ashton Austin Residential” and, collectively with Berry Creek (Georgetown), the “Developers”). Additionally, Berry Creek (Georgetown) is in the process of selling additional phases (approximately 84.54 acres consisting of Phases 6B, 7, 8B, and 9) to Chesmar Homes, LLC, a Texas limited liability company, (“Chesmar Homes”) in two takedowns. The first takedown (Phases 6B and 7) closed on March 1, 2024, and the second takedown (Phases 8B and 9) is scheduled to close in March of 2025. The developer of a 224-unit multi-family apartment complex currently under construction within the District is Nexmetro Berry Creek Highlands LP. See “THE DEVELOPERS - Description of the Developers” and “THE DISTRICT – Historical and Current Status of Development.”
  
- Status of Development ..... Of the approximately 314.54 acres within the District, approximately 238.40 are developable. As of March 1, 2024, approximately 126.55 acres (or approximately 53.08% of the developable acreage within the District) have been developed with utility facilities. Residential development includes the single-family residential subdivisions of Berry Creek Highlands Phases 1B, 2B, and 4A, on approximately 84.97 acres, encompassing a total of 295 single-family lots, which includes 116 completed homes, 18 homes under construction, and 161 vacant single-family lots. Multi-family development includes a 308-unit apartment complex, called Alta Berry Creek Highlands, on approximately 16.70 acres and owned by Alta Berry Creek LP, the District’s largest taxpayer. See “TAX DATA - Principal Taxpayers - Table 12.” Additionally, a second multi-family apartment complex is currently under construction on approximately 24.80 acres (called Avilla Berry Creek, expected to contain 224 units), which is expected to be completed by the second quarter of 2025. An amenity center on approximately 2.80 acres is currently under construction, which is expected to be completed by the third quarter of 2024. The District contains approximately 76.14 undevelopable acres, consisting of parks and open spaces, a future elementary school site, a future fire station site, and the amenity center. As of March 1, 2024, there were approximately 111.85 remaining developable acres within the District (including approximately 84.54 acres that Berry Creek (Georgetown) has sold to or has under contract with Chesmar Homes). See “THE DISTRICT – Historical and Current Status of Development.”
  
- Homebuilders ..... According to the Developers, the homebuilders currently active within the District are David Weekly Homes and Ashton Woods Homes. The homes range in price from approximately \$345,000 to \$548,990, with square footage ranging from approximately 1,589 to 2,904. See “THE DEVELOPERS – Homebuilders within the District.”

**THE BONDS**

Description .....	The \$5,700,000 Berry Creek Highlands Municipal Utility District Unlimited Tax Bonds, Series 2024 (the “Bonds”) mature serially in varying amounts on September 1 of each year from 2026 through 2036, inclusive, and 2039 through 2048, inclusive, and as a Term Bond which matures on September 1, 2038 (the “Term Bond”). Interest accrues from the Date of Initial Delivery at the rates per annum set forth on the inside cover page hereof and is payable September 1, 2024, and each March 1 and September 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 Term Bond is also subject to mandatory sinking fund redemption. 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; 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 initial installment of bonds issued by the District. Therefore, the District has no payment history with respect to the repayment of bonded indebtedness. See “FINANCIAL STATEMENT - Outstanding Bonds.”
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 5, 2019; the approving order of the TCEQ; and 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”). See “THE BONDS - Authority for Issuance.”
Use of Proceeds.....	<p>The proceeds of the Bonds will be used to finance the following: (i) the lift station and force main constructed within Phase 1B; (ii) the elevated storage tank contribution paid to the City; (iii) the Berry Creek Interceptor Spur contribution paid to the City; (iv) the Berry Creek Interceptor contribution paid to the City; (v) water and wastewater impact fees paid to the City; and (vi) the land costs related to the lift station and Phase 1B pond.</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 creation costs; (iv) pay operating advances; and (v) 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 5, 2019, voters within the District authorized a total of \$122,000,000 in aggregate principal amount of new money bonds for water, wastewater, and drainage facilities. The Bonds constitute the first installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$116,300,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater, and drainage facilities. The Consent Agreement with the City limits the amount of bonds that can be issued to reimburse the Developer to \$30,150,000. See “THE DISTRICT – Consent Agreement with the City.” Additionally, at the election held in the District on November 5, 2019, the voters within the District also approved the issuance of \$9,150,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$32,000,000 in aggregate principal amount of new money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$196,725,000 for water, wastewater, drainage and park and recreation bonds, and \$48,000,000 for road bonds, all of which remains authorized but unissued. See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued – Table 5” , “- Outstanding Bonds – Table 6” and “THE BONDS – Issuance of Additional Debt.”

Municipal Bond Rating and Bond Insurance.....	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign a rating of “AA” (stable outlook) to the Bonds, as a result of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (“BAM” or the “Insurer”) at the time of delivery of the Bonds. The District has not applied for an underlying rating. See “RISK FACTORS – Bond Insurance Risks.”
Qualified Tax-Exempt Obligations .....	The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and has represented that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2024 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions.”
Bond Counsel and Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Austin, Texas.
General Counsel .....	Armbrust & Brown, PLLC, 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.

**RISK FACTORS**

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

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**SELECTED FINANCIAL INFORMATION**  
(Unaudited)

2023 Certified Assessed Valuation	\$ 56,712,360	(a)
2024 Preliminary Assessed Valuation	\$ 115,672,843	(b)
Gross Debt Outstanding	\$ 5,700,000	(c)
Ratio of Gross Debt to 2023 Certified Assessed Valuation	10.05%	
Ratio of Gross Debt to 2024 Preliminary Assessed Valuation	4.93%	
2023 Tax Rate		
Debt Service	\$ -	
Maintenance	0.5500	
<b>Total 2023 Tax Rate</b>	<u>\$ 0.5500</u>	(d)
Debt Service Fund Balance (after the issuance of the Bonds)	\$ 501,920	(e)
Percentage of current tax collections (Tax Year 2023)	99.92%	(f)
Percentage of total tax collections (Tax Years 2020-2023)	99.98%	(f)
Average Annual Debt Service Requirement of the Bonds (“Average Requirement”) (2025-2048, inclusive)	\$ 385,646	(g)
Tax Rate required to pay Average Requirement based upon the 2023 Certified Assessed Valuation at 95% collections	\$ 0.72	/\$100 AV
Tax Rate required to pay Average Requirement based upon the 2024 Preliminary Assessed Valuation, at 95% collections	\$ 0.36	/\$100 AV
Maximum Annual Debt Service Requirement of the Bonds (“Projected Maximum Requirement”) (2043)	\$ 409,156	(g)
Tax Rate required to pay Maximum Requirement based upon the 2023 Certified Assessed Valuation at 95% collections	\$ 0.76	/\$100 AV
Tax Rate required to pay Maximum Requirement based upon the 2024 Preliminary Assessed Valuation, at 95% collections	\$ 0.38	/\$100 AV
Number of active connections as of March 1, 2024		
Single Family Homes - Complete & Occupied	114	
Single Family Homes - Complete & Unoccupied (Spec)	2	
Single Family Homes - Builder (Under Construction)	18	
Apartments - (308 total units/230 units occupied)	<u>1</u>	
<b>Total Number of Active Connections</b>		<b>135</b>
Estimated Population as of March 1, 2024		917 (h)

- (a) The certified assessed valuation as of January 1, 2023, as provided by Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.”
- (b) The preliminary assessed valuation as January 1, 2024, as provided by WCAD. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) The Bonds.
- (d) The District levied a 2023 maintenance only tax rate of \$0.5500 at its meeting in September 2023. The District intends to levy a maintenance and debt service tax rate in August 2024. See “TAXING PROCEDURES.”
- (e) Represents approximately twenty-four (24) months’ capitalized interest (\$501,920) included in the Bond proceeds to be deposited into the Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.
- (f) See “TAX DATA – Tax Collections – Table 10.”
- (g) See “DEBT SERVICE REQUIREMENTS – TABLE 3.”
- (h) Based on 3.0 residents per active occupied single-family home and 2.5 residents per occupied apartment unit. As of March 1, 2024, the Alta Berry Creek Highlands Apartments were 75% occupied (230 units occupied).

**OFFICIAL STATEMENT  
relating to**

**\$5,700,000**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)  
UNLIMITED TAX BONDS, SERIES 2024**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by Berry Creek Highlands Municipal Utility District (the “District”), a political subdivision of the State of Texas (the “State”), of its \$5,700,000 Unlimited Tax Bonds, Series 2024 (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 Texas Constitution, and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 5, 2019; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District, the Developer, and development activity in the District. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. A reasonable number of copies of such documents may be obtained from the District c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas, 78701 or from the District’s Financial Advisor, Public Finance Group LLC, 210 Lavaca Street, # 2505, Austin, Texas, 78701, upon payment of reasonable copying, mailing, and handling charges.

This 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 by the Initial Purchaser 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 (as defined on the cover page hereof) 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 September 1, 2024, and each March 1 and September 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, 2038 (the “Term Bond”) 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:

<b>\$500,000 Term Bond Maturing September 1, 2038</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2037	\$ 250,000
2038*	250,000

\*Stated Maturity

The principal amount of the Term 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 Term 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 Term 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 Term 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 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

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 optionally redeemed have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said optional 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, or sinking fund installments in the case of the Term Bonds, 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 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 shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

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

*Limitation on Transfer of Bonds . . .* Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15<sup>th</sup>) (whether or not a business day) day of the month 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 5, 2019, voters within the District authorized a total of \$122,000,000 in aggregate principal amount of new money bonds for water, wastewater, and drainage facilities. The Bonds constitute the first installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$116,300,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater, and drainage facilities. The Consent Agreement with the City limits the amount of bonds that can be issued to reimburse the Developer to \$30,150,000. See “THE DISTRICT – Consent Agreement with the City.” Additionally, at the election held in the District on November 5, 2019, the voters within the District also approved the issuance of \$9,150,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$32,000,000 in aggregate principal amount of new money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$196,725,000 for water, wastewater, drainage and park and recreation bonds, and \$48,000,000 for road bonds, all of which remains authorized but unissued.

The Bonds are issued pursuant to the election held on November 5, 2019, 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 dated April 11, 2024.

### **Source of and Security for Payment**

The Bonds will be payable from and secured by a pledge of the proceeds of an annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due the Outstanding Bonds, and 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 and the Outstanding 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 of Georgetown, Texas (the "City") annexes and dissolves the District and assumes all debts and liabilities of the District.

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 initial installment of bonds issued by the District. Therefore, the District has no payment history. See "FINANCIAL STATEMENT – Outstanding Bonds."

### **Flow of Funds**

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

Each fund shall be kept separate and apart on the books and records 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 owner of the Bonds and the Outstanding 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 to) 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 the 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 (i) to pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) to 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, NA, 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 unlimited tax 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 unlimited tax 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, or verification agent, 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 additional 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. On November 5, 2019, voters within the District authorized the issuance of unlimited tax bonds for water, wastewater, and drainage facilities in the principal amount of \$122,000,000, of which \$116,300,000 principal amount will remain authorized but unissued after the issuance of the Bonds. The Consent Agreement with the City limits the amount of bonds that can be issued to reimburse the Developer to \$30,150,000. See "THE DISTRICT – Consent Agreement with the City." Additionally, at the election held in the District on November 5, 2019, the voters within the District also approved the issuance of \$9,150,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$32,000,000 in aggregate principal amount of new money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$196,725,000 for water, wastewater, drainage and park and recreation bonds, and \$48,000,000 for road bonds, all of which remains authorized but unissued. 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. 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. 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 may be subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

#### **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 RATING" and "BOND INSURANCE."

The Bonds do not have an underlying rating, 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 evaluate carefully 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 cease 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 provide 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, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The 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 Interests, Ltd. v. 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 to clarify *Wasson I*, *Wasson Interests, 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 to 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 the 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 not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based 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.

### **Dissolution**

The District lies entirely within the city limits of Georgetown. Under Texas law, the District may be dissolved in whole, but not in part, by the City without the consent of the District once the conditions for dissolution in the Consent Agreement have been satisfied. Under the Consent Agreement, the City agreed not to dissolve the District until after the expiration of the authorized period for the issuance of the Bonds by the District (ten years from the date of the first bond issuance). See “THE DISTRICT – Consent Agreement with the City.” If dissolution of the District by the City does occur, the District would be abolished. When the District is abolished, the City must assume the assets, functions, and obligations of the District, including the Bonds. No representation is made concerning the likelihood of dissolution or the ability of the City to make debt service payments 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 April 11, 2024 (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 Participant, (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 (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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 SEC. 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 detailed 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) is 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 the following: (i) the lift station and force main constructed within Phase 1B; (ii) the elevated storage tank contribution paid to the City; (iii) the Berry Creek Interceptor Spur contribution paid to the City; (iv) the Berry Creek Interceptor contribution paid to the City; (v) water and wastewater impact fees paid to the City; and (vi) the land costs related to the lift station and Phase 1B pond. 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 creation costs; (iv) pay operating advances; and (v) pay other costs associated with the issuance of the Bonds.

The use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$3,937,943 is required for construction costs, and \$1,762,057 is required for non-construction costs, including \$501,920 of capitalized interest.

### Construction Costs

#### A. Developer Contribution Items

None	\$ -
<b>Total Developer Contribution Items</b>	<b>\$ -</b>

#### B. District Items

1. Berry Creek Highlands 1B - Lift Station and Force Main	\$ 841,960
2. City of Georgetown Elevated Storage Tank Contribution	500,000
3. City of Georgetown Berry Creek Interceptor Spur Contribution	549,392
4. Water Impact Fees	1,054,304
5. Wastewater Impact Fees	467,509
6. City of Georgetown Berry Creek Interceptor Contribution	240,930
7. Berry Creek Highlands Phase 1B - Pond Land Cost	273,331
8. Lift Station Site Land Cost	10,517
<b>Total District Items</b>	<b>\$ 3,937,943</b>

**Total Construction Costs** **\$ 3,937,943**

### Non-Construction Costs

A. Legal Fees (3%)	\$ 171,000
B. Fiscal Agent Fees (2.5%)	142,500
C. Interest	
1 Capitalized Interest (2 years @ 4.402811%)	501,920
2 Developer Interest <sup>(a)</sup>	469,637
D. Bond Discount (3%)	171,000
E. Bond Issuance Expenses	40,644
F. Creation Costs	25,576
G. Bond Application Report Costs	51,750
H. Attorney General Fee (0.10%)	5,700
I. TCEQ Bond Issuance Fee (0.25%)	14,250
J. Market Study	17,000
K. Operations Costs	111,500
L. Contingency <sup>(b)</sup>	39,580
<b>Total Non-Construction Costs</b>	<b>\$ 1,762,057</b>

**TOTAL BOND ISSUE REQUIREMENT** **\$ 5,700,000**

(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.

## RISK FACTORS

### General

The Bonds, which are obligations of the District and are not obligations of the City of Georgetown, 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, levied on all taxable property located within the District. See “THE BONDS - Source of and Security for Payment.”

The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will 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 “RISK FACTORS - Registered Owners’ Remedies.”

### Factors Affecting Taxable Values and Tax Payments

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

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which 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. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies.

*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 developers 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 the Developers will be implemented or, if implemented, will be successful.

*Developers under No Obligation to the District:* There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner’s right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers (defined herein) and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See “THE DEVELOPERS” and “TAX DATA - Principal Taxpayers – 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 2023 Certified Assessed Valuation of the District is \$56,712,360. After issuance of the Bonds, the Maximum Requirement will be \$409,156 (2043) and the Average Requirement will be \$385,646 (2025 through 2048, inclusive). Assuming (1) no increase or decrease from the 2023 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 \$0.76 and \$0.72 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay

the Maximum Requirement and the Average Requirement, respectively. The District's 2024 Preliminary Assessed Valuation is \$115,672,843. Based upon the assumptions above, tax rates of \$0.38 and \$0.36 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively. See "DEBT SERVICE REQUIREMENTS – TABLE 3" and "TAX DATA - Tax Adequacy for Debt Service."

*Dependence Upon the Developers, 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 Developers are under no obligation to continue to market, to improve, or to develop tracts of land. Thus, the furnishing of information related to the proposed development by the Developers should not be interpreted as such a commitment by the Developers. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, 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 a Developers' 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 Developers. Failure to construct taxable improvements on developed lots and tracts or failure of the Developers to develop their land would restrict the rate of growth of taxable value in the District. See "THE DEVELOPERS."

The ten principal taxpayers in the District represented \$48,355,557 or 85.27% of the District's 2023 Certified Taxable Assessed Valuation of \$56,712,360. The Developers and homebuilders and related entities represented \$16,221,482 or 28.60% of such value. The ten principal taxpayers in the District represent \$76,676,387 or 66.29% of the District's 2024 Preliminary Taxable Assessed Valuation of \$115,672,843. The Developers and homebuilders and related entities represent \$18,325,386 or 15.84% of such value, and Alta Berry Creek LP, the owner of a 308-unit multi-family facility within the District represents \$53,751,979 or 46.47% of such value. (Such preliminary assessed valuation, as provided by WCAD, is included solely for purposes of illustration. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See "TAXING PROCEDURES.") If the Developers (or other principal taxpayers, such as Alta Berry Creek LP) 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 Collections and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers – Table 12," and "TAXING PROCEDURES – Levy and Collection of Taxes."

*Undeveloped Acreage . . .* Approximately 111.85 acres of developable land within the District had not been provided with water, wastewater, drainage, and detention facilities as of March 1, 2024 (including approximately 84.54 acres that Berry Creek (Georgetown) has sold to or has under contract with Chesmar Homes). See "THE BONDS – Alteration of Boundaries" and "THE DISTRICT – Historical and Current Status of Development." There is no assurance such undeveloped acreage will be developed.

*Vacant Developed Lots . . .* As of March 1, 2024, approximately 161 developed lots within the District remained available for construction. Failure of the Developers 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.

### **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 a 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 governmental immunity, bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally.

### **Bond Insurance Risks**

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any earlier due date of such principal by reason of mandatory or optional redemption, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such redemption. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds

which is recovered by the District from the owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such redemption by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Bond Order. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its ability to pay claims which is predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Bond Insurer and 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.

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

### **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 governmental immunity, 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 dismisses 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.

### **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 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 or may affect the valuation of such property.

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

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

### **Future Debt**

The District has reserved in the Bond Order the right to issue the remaining \$116,300,000 authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities, and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. All of the remaining \$116,300,000 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 Attorney General of the State of Texas and the TCEQ. In the Consent Agreement, the City has limited the amount of bonds that can be issued by the District to reimburse the Developer to \$30,150,000. See "THE DISTRICT – Consent Agreement with the City."

Additionally, at the election held in the District on November 5, 2019, the voters within the District also approved the issuance of \$9,150,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$32,000,000 in aggregate principal amount of new money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$196,725,000 for water, wastewater, drainage and park and recreation bonds, and \$48,000,000 for road bonds, all of which remains authorized but unissued. 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.

The District anticipates that it may issue portions of its currently authorized but unissued bonds in installments over the next several years. Each future issue of unlimited tax bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes levied against property in the District. The issuance of additional bonds is subject to approval

by the Commission pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

According to the Engineer (defined herein), after being reimbursed with the proceeds from the Bonds, the District remains obligated to reimburse the Developers approximately \$19,322,605 for the facilities serving the existing development within the District. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the Commission pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “THE BONDS –Issuance of Additional Debt.” See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued.”

### **Governmental Approval**

As required by law, engineering plans, specifications, and 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 April 11, 2024 (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 third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

### **Environmental Regulation**

*General.* 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 September 7, 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 City and 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 city’s and 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 other regulatory action levels established under the agency’s rules. The EPA has established NPWDRs for more than ninety (90) contaminants and has identified 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 quality of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction Permit (TXR150000), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain 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 within the “waters of the United States.” The District must also obtain a permit from the United States “over which the EPA and the United States Army Corps of Engineers (“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 May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

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

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the CWA 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. 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.

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

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

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

### **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.

### **State Legislative Changes**

The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District.

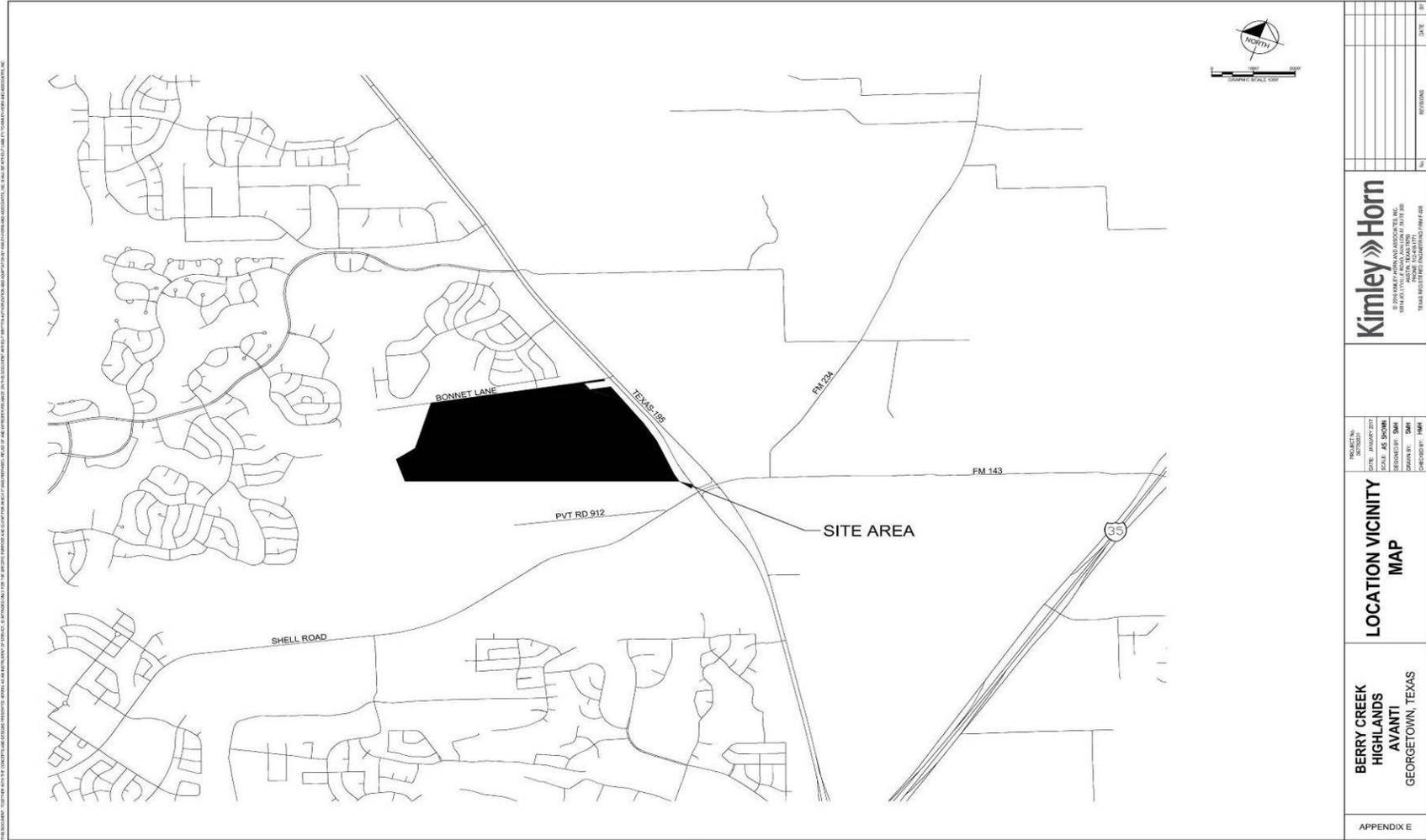
### **Drought Conditions**

Central Texas, like other areas of the State, is susceptible to drought conditions. The City provides water to the residents of the District; however, if the area experiences drought conditions, the City could implement water restrictions for residents of the District, and 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”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain 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 floodplain. See “THE SYSYEM – 100-Year Flood Plain.”

# LOCATION MAP



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<b>BERRY CREEK HIGHLANDS AVANTI</b> GEORGETOWN, TEXAS	<b>LOCATION VICINITY MAP</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="font-size: 8px;">PROJECT NO.</td> <td style="font-size: 8px;">DATE</td> </tr> <tr> <td style="font-size: 8px;">DRAWN BY</td> <td style="font-size: 8px;">CHECKED BY</td> </tr> <tr> <td style="font-size: 8px;">SCALE</td> <td style="font-size: 8px;">DATE</td> </tr> <tr> <td style="font-size: 8px;">REVISIONS</td> <td style="font-size: 8px;">DATE</td> </tr> </table>	PROJECT NO.	DATE	DRAWN BY	CHECKED BY	SCALE	DATE	REVISIONS	DATE
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<b>Kimley»Horn</b> <small>           KIMLEY-HORN AND ASSOCIATES, INC.            10100 WEST 17TH AVENUE, SUITE 100            DENVER, COLORADO 80241-3100            TEL: 303.751.4000 FAX: 303.751.4001            WWW.KIMLEY-HORN.COM         </small>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="font-size: 8px;">PROJECT NO.</td> <td style="font-size: 8px;">DATE</td> </tr> <tr> <td style="font-size: 8px;">DRAWN BY</td> <td style="font-size: 8px;">CHECKED BY</td> </tr> <tr> <td style="font-size: 8px;">SCALE</td> <td style="font-size: 8px;">DATE</td> </tr> <tr> <td style="font-size: 8px;">REVISIONS</td> <td style="font-size: 8px;">DATE</td> </tr> </table>	PROJECT NO.	DATE	DRAWN BY	CHECKED BY	SCALE	DATE	REVISIONS	DATE
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## THE DISTRICT

### General

The District, a political subdivision of the State of Texas, was created by order of the TCEQ on July 22, 2019, and operates pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District was created for the purposes of providing, operating, and maintaining facilities to control storm water, distribute potable water, and collect and treat wastewater. The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water, the construction of roads, and the operation of park and recreational facilities. Pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 49 of the Water Code certain districts, such as the District, may issue bonds subject to voter approval and the TCEQ, payable from ad valorem taxes to pay for the development and maintenance of water, wastewater, drainage, park, and recreational facilities. The District may also establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. Fire services are currently provided within the District by Williamson County Emergency Services District No. 8.

### Management

#### *Board of Directors*

The District is governed by a Board of Directors, consisting of five (5) 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>Position</u>	<u>Length of Service</u>	<u>Term Expires May</u>
Calen Shearer	President	5 Years	2028
Kasey Sewell	Vice-President	5 Years	2026
Ray Freer	Secretary	5 Years	2026
Armando Rueda	Assistant-Secretary	5 Months	2026
Michael Gonzalez	Assistant-Secretary	5 Years	2028

#### *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, Mr. 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 50 other special districts.

##### *Bookkeeper*

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

##### *Auditor*

The District's financial statements for the fiscal year ending September 30, 2023, were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants.

### *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 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 Armbrust & Brown, PLLC ("A&B") as General Counsel. Fees paid to A&B 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 city limits of the City, and is situated in northern Williamson County, approximately 7.3 miles northwest of the Georgetown central business district. The District lies north of Shell Road and west of State Highway 195. See "LOCATION MAP."

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

The District, as originally created, contained approximately 314.54 acres. Since the creation of the District, there have been no annexations or exclusions of land.

The District was created by order of the Commission effective July 22, 2019, and confirmed pursuant to an election held within the District on November 5, 2019.

Construction of utility facilities to serve property within the District commenced in November 2020 by the District's original developer, Berry Creek (Georgetown) ASLI IX, LLC, a Delaware limited partnership ("Berry Creek (Georgetown)"). Berry Creek (Georgetown) completed the development of utility facilities serving approximately 63.59 acres within the District, developed as Phase 1B (approximately 46.89 acres; platted as 111 single-family lots) and the Alta Berry Creek Apartments (approximately 16.70 acres; consisting of 308 multi-family units).

On November 30, 2021, Berry Creek (Georgetown) and Ashton Austin Residential L.L.C., a Texas limited liability company ("Ashton Austin Residential") entered into a Purchase and Sale Agreement for the purchase and sale of 72.629 acres of land within the District (constituting Phases 2B, 3, 4A and 5). Ashton Austin Residential partially assigned the Purchase and Sale Agreement, as to the 38.147 acres of land constituting Phases 2B and 4A, to its land banker, FR Berry Creek, LLC, a Delaware limited liability company ("FR Berry Creek"). FR Berry Creek closed on its purchase of such 38.147 acres of land from Berry Creek (Georgetown) on March 9, 2022. Pursuant to its retained rights under the Purchase and Sale Agreement, Ashton Austin Residential closed on its purchase of the 34.491 acres of land constituting Phases 3 and 5 from Berry Creek (Georgetown) on March 9, 2022. Pursuant to an Agreement of Purchase and Sale (Berry Creek Highlands Phases 3 and 5) dated July 29, 2022, Ashton Austin Residential then sold such 34.491 acres of land its land banker, FR Berry Hills, LLC, a Delaware limited liability company ("FR Berry Hills"). FR Berry Creek and FR Berry Hills are affiliates.

As to the 38.147 acres of land constituting Phases 2B and 4A, FR Berry Creek and Ashton Austin Residential are parties to an Option Agreement and Construction Agreement, both dated March 9, 2022, pursuant to which Ashton Austin Residential will serve as FR Berry Creek's contractor with respect to the development of Phases 2B and 4A and has an exclusive right to purchase the finished lots constructed therein, respectively.

As to the 34.491 acres of land constituting Phases 3 and 5, FR Berry Hills and Ashton Austin Residential are parties to an Option Agreement dated July 29, 2022, pursuant to which Ashton Austin Residential has an exclusive right to purchase the 34.491 acres from FR Berry Hills.

Of the approximately 314.54 acres within the District, approximately 238.40 are developable. As of March 1, 2024, approximately 126.55 acres (or approximately 53.08% of the developable acreage within the District) have been developed with utility facilities. Residential development includes the single-family residential subdivisions of Berry Creek Highlands Phases 1B, 2B, and 4A, on approximately 84.97 acres, encompassing a total of 295 single-family lots, which includes 116 completed homes, 18 homes under

construction, and 161 vacant single-family lots. Multi-family development includes a 308-unit apartment complex, called Alta Berry Creek Highlands, on approximately 16.70 acres. Additionally, a second multi-family apartment complex is currently under construction on approximately 24.80 acres (called Avilla Berry Creek, expected to contain 224 units), which is expected to be completed by the second quarter of 2025. An amenity center on approximately 2.80 acres is currently under construction, which is expected to be completed by the third quarter of 2024. The District contains approximately 76.14 undevelopable acres, consisting of parks and open spaces, a future elementary school site, a future fire station site, and the amenity center. As of March 1, 2024, there were approximately 111.85 remaining developable acres within the District (including approximately 84.54 acres that Berry Creek (Georgetown) has sold to or has under contract with Chesmar Homes).

The chart below reflects the status of development as of March 1, 2024.

Section	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
<b>A. Single Family Developed with Utility Facilities</b>					
Berry Creek Highlands Phase 1B	46.89	111	98	8	5
Berry Creek Highlands Phase 2B	18.03	91	18	10	63
Berry Creek Highlands Phase 4A	20.13	93	-	-	93
<b>Total Single-Family Developed with Utilities</b>	<b>85.05</b>	<b>295</b>	<b>116</b>	<b>18</b>	<b>161</b>
<b>B. Single Family Utility Facilities Under Construction</b>					
N/A	-	-			
<b>Total Single Family Utilities Under Construction</b>	<b>-</b>	<b>-</b>			
<b>C. Multi-Family Developed and/or Under Construction</b>					
Alta Berry Creek Highlands Apartments (308 Units)	16.70				
Avilla Berry Creek Apartments (224 Units) <sup>(a)</sup>	24.80				
<b>Total Multi-Family</b>	<b>41.50</b>				
<b>D. Total Developed with Utility Facilities</b>	<b>126.55</b>				
<b>E. Remaining Developable Acreage</b>					
Single Family	96.25 <sup>(b)</sup>				
Commercial	15.60				
<b>Total Remaining Developable Acreage</b>	<b>111.85</b>				
<b>F. Undevelopable Acreage</b>					
Park/Open Spaces/ROW <sup>(c)</sup>	57.44				
Future Elementary School Site	13.10				
Future Fire Station Site	2.80				
Amenity Center <sup>(d)</sup>	2.80				
<b>Total Undevelopable Acreage</b>	<b>76.14</b>				
<b>Total District Acreage</b>	<b>314.54</b>				

(a) Currently under construction and expected to be completed by the second quarter of 2025.

(b) Includes approximately 84.54 acres that Berry Creek (Georgetown) has sold to or has under contract with Chesmar Homes.

(c) Includes approximately 7.45 acres located within the floodplain.

(d) Currently under construction and expected to be completed by the third quarter of 2024.

### 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 “RISK FACTORS.” 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 \$116,300,000 remaining principal amount of voted water, wastewater, and drainage

bonds which are authorized to be issued pursuant to the bond election held on November 5, 2019, is sufficient to reimburse the Developers 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 Developers (defined below) are 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 Agreement with the City**

By resolution dated July 18, 2018, the City conditionally approved an agreement among the City, Berry Creek (Georgetown), and the then-owners of the land within the District (the “Former Owners”) regarding the creation of the District and the development of the land within the District, which was subsequently amended by a First Amendment to Consent Agreement dated November 6, 2018 (as amended, the “Original Consent Agreement”). After Berry Creek (Georgetown) acquired the land within the District from the Former Owners on November 30, 2018, the City and Berry Creek (Georgetown) entered into an “Amended and Restated Consent Agreement” dated effective as of February 26, 2019 (as amended and restated, the “Consent Agreement”) that superseded and wholly replaced the Original Consent Agreement and pursuant to which the City confirmed its consent to the creation of the District subject to the terms of the Consent Agreement. As required by the Consent Agreement, the District joined in and became a party to the Consent Agreement at the organizational meeting of the District’s Board of Directors held on August 9, 2019. Pursuant to the Consent Agreement, the Consent Agreement will continue in effect until the District has been dissolved by the City and the City or a property owners association has assumed all obligations of the District, or until terminated in writing by mutual agreement of the City and the District.

The Consent Agreement governs development within the District and sets forth certain terms and conditions governing construction, financing, operation, maintenance, and ownership of the water, wastewater, and drainage utilities, roads, and improvements in aid of roads, park and recreational facilities, and other public improvements serving the property within the District. Pursuant to the Consent Agreement, (a) the City is required to provide retail water and wastewater service sufficient for the full build-out of the District on the same basis as the City provides service to other similarly classified retail customers inside its corporate limits; and (b) the Developers are required to design, finance, and construct the public improvements serving the property within the District at no cost to the City.

The Consent Agreement authorizes the District to issue bonds in accordance with applicable law and the Consent Agreement for certain authorized purposes, including funding the water, wastewater, drainage, transportation, and park and recreational improvements serving the District, the payment of certain expenses, and refunding outstanding bonds of the District for a debt service savings; however, (i) the total principal amount of bonds that can be issued for all purposes by the District pursuant to the Consent Agreement is limited to \$30,150,000, and (ii) prior to issuing bonds, the District must demonstrate to the City that it is feasible to sell the bonds and maintain a projected debt service tax rate of not more than \$0.55 per \$100 in assessed valuation on an annual basis. The term of any District bonds cannot exceed 25 years unless the City specifically approves a longer term for a particular bond issue, and no bonds may be issued having an issuance date more than 10 years from the date of the first issuance of bonds by the District. The District is restricted under Consent Agreement from issuing bonds or using bond proceeds for (a) purposes of operating, maintaining, repairing, or replacing infrastructure, facilities, or improvements, including parkland (the intent of the Consent Agreement being to limit the use of District bond proceeds to reimbursement for initial construction costs and certain routine expenses), and (b) impact fees for which the Developer will receive reimbursement or credit from the City pursuant to the Consent Agreement.

Pursuant to the Consent Agreement, the City has agreed not to seek dissolution of the District until after the expiration of the authorized period for the issuance of the Bonds by the District (ten years from the date of the first bond issuance).

## **THE DEVELOPERS**

### **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 third parties. Ordinarily, a 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 a 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 Developers**

The developers currently active within the District are Berry Creek (Georgetown) ASLI IX, LLC, a Delaware limited partnership (“Berry Creek (Georgetown)”), an entity controlled by Marvin Shapiro, and Ashton Austin Residential, L.L.C., a Texas limited liability company (“Ashton Austin Residential” and, collectively with Berry Creek (Georgetown), the “Developers”).

On November 30, 2021, Berry Creek (Georgetown) and Ashton Austin Residential L.L.C., a Texas limited liability company (“Ashton Austin Residential”) entered into a Purchase and Sale Agreement for the purchase and sale of 72.629 acres of land within the District (constituting Phases 2B, 3, 4A and 5). Ashton Austin Residential partially assigned the Purchase and Sale Agreement, as to the 38.147 acres of land constituting Phases 2B and 4A, to its land banker, FR Berry Creek, LLC, a Delaware limited liability company (“FR Berry Creek”). FR Berry Creek closed on its purchase of such 38.147 acres of land from Berry Creek (Georgetown) on March 9, 2022. Pursuant to its retained rights under the Purchase and Sale Agreement, Ashton Austin Residential closed on its purchase of the 34.491 acres of land constituting Phases 3 and 5 from Berry Creek (Georgetown) on March 9, 2022. Pursuant to an Agreement of Purchase and Sale (Berry Creek Highlands Phases 3 and 5) dated July 29, 2022, Ashton Austin Residential then sold such 34.491 acres of land its land banker, FR Berry Hills, LLC, a Delaware limited liability company (“FR Berry Hills”). FR Berry Creek and FR Berry Hills are affiliates.

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As to the 34.491 acres of land constituting Phases 3 and 5, FR Berry Hills and Ashton Austin Residential are parties to an Option Agreement dated July 29, 2022, pursuant to which Ashton Austin Residential has an exclusive right to purchase the 34.491 acres from FR Berry Hills.

Additionally, Berry Creek (Georgetown) is in the process of selling additional phases (approximately 84.54 acres consisting of Phases 6B, 7, 8B, and 9) to Chesmar Homes, LLC, a Texas limited liability company, in two takedowns. The first takedown (Phases 6B and 7) closed on March 1, 2024, and the second takedown (Phases 8B and 9) is scheduled to close in March of 2025.

The developer of a 224-unit multi-family apartment complex currently under construction within the District is Nexmetro Berry Creek Highlands LP

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District. The Developers have 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 their property within the District, or any other assets, at any time. Further, the Developers’ financial condition is subject to change at any time.

## **Homebuilders within the District**

According to the Developers, the homebuilders currently active within the District are David Weekly Homes and Ashton Woods Homes. The homes range in price from approximately \$345,000 to \$548,990, with square footage ranging from approximately 1,589 to 2,904.

## **Utility Construction Agreement**

The District has entered into utility construction agreements with the Developers governing the development of water, wastewater, and drainage facilities on land within the District and the reimbursement for certain of the costs of such development through the issuance of bonds by the District (the “Utility Construction Agreement”).

## **Agricultural Waiver**

Much of the undeveloped acreage within the District is subject to an agricultural exemption; however, the Developers have executed agreements, which were recorded in the real property records of Williamson County, and which contain covenants running with the land, waiving the right to have certain land located within the District classified as agricultural, open-space, or timberland. In addition, the Developers has waived the right to have their lots and houses (if any) classified as business inventory. Such agreements may not be modified without the approval of the TCEQ and are binding on purchasers of such land from the Developers. See “TAXING PROCEDURES - Property Subject to Taxation by the District.”

## **Acquisition and Development Financing**

According to Berry Creek (Georgetown), to date its development activities within the District have been financed with cash. According to Ashton Austin Residential, to date its development activities within the District have been financed through a land banking agreement with a Fundrise group affiliate.

## **THE SYSTEM**

### **Regulation**

The water, wastewater, and storm drainage facilities (the “System”), the purchase, acquisition, and construction of which will be permanently financed by the District with the proceeds of the new money 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 Georgetown. 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 water and wastewater facilities serving customers in the District is subject to regulation by, among others, the U.S. Environmental Protection Agency and the TCEQ.

### **Water Supply and Distribution**

The District lies within the city limits of Georgetown and the City provides potable water to residents of the District on a retail basis.

Pursuant to the Amended and Restated Consent Agreement (the “Consent Agreement”), dated August 9, 2019, the District has a commitment for water supply capacity sufficient to serve total buildout of the District (projected to be 1,583 living unit equivalents (“LUEs”). Under the Consent Agreement, the cost of certain water-related facilities and contract rights therefor is borne by the Developers, which is reimbursed by the District. The water facilities are transferred to Georgetown who then supplies retail water service to customers in the District. Accordingly, Georgetown will own, operate, and maintain the water system serving customers in the District. Georgetown, in turn, receives its potable water supply from Lake Georgetown and the Edwards Aquifer.

Water supplied by Georgetown is obtained by Georgetown pursuant to an agreement with the Brazos River Authority (“BRA”) for 11,000-acre feet of water per year from Lake Georgetown and from four wells in the Edwards Aquifer. Potable water from Georgetown is delivered to a 1.0-million-gallon concrete ground storage tank and then pumped via a booster pump station (containing two 1,800 gallons per minute centrifugal pumps, a comprehensive data control and alarm system, and auxiliary standby generator, and related appurtenances) through the 18-inch transmission line into the internal water distribution system within the District.

Retail water service is provided directly by Georgetown to customers in the District. Retail water customers in the District are charged Georgetown’s standard rates for retail water service to customers located inside of the City, as established by Georgetown from time to time.

### **Wastewater Collection and Treatment**

The District lies within the city limits of Georgetown and the City provides wastewater service to the District on a retail basis.

In accordance with the Consent Agreement, Georgetown will provide retail wastewater service to customers in the District, in an amount of wastewater treatment capacity sufficient to ultimately serve 1,583 LUE’s. Such service is provided through Georgetown’s San Gabriel Wastewater Treatment Plant (the “Wastewater Plant”), which has a capacity of 2.5 million gallons per day (“mgd”).

The Consent Agreement provides that the Developers are responsible for the construction and installation of internal sewer facilities required for the collection and delivery of wastewater to the Wastewater Plant. Such internal sewer facilities are conveyed by the Developers to Georgetown. Accordingly, Georgetown will own, operate, and maintain the wastewater system serving customers in the District.

Retail wastewater customers in the District are charged Georgetown’s standard rates for retail wastewater service to customers located inside of the City, as established by Georgetown from time to time.

### **Storm Drainage**

The storm drainage system that serves the District consists of curb and guttered streets and storm sewers. The collected storm water runoff naturally drains into a southerly direction into Berry Creek, and ultimately to the San Gabriel River.

## **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 rainstorm 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 7.45 acres within the District are currently located in the floodplain as shown in the Federal Emergency Management Agency Flood Insurance Rate Map No. 48491C0250E dated September 26, 2008. No lots are developed nor are any expected to be developed on the approximately 7.45 acres that are located within the boundary of the 100-year floodplain.

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 floodplain which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain 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 floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount and could result in less developable property within the District, higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

## **Water, Wastewater, and Drainage Operations - Rates and Fees – Table 1**

Georgetown provides retail water and wastewater service to the residents of the District and establishes the rates and fees for such service, subject to change from time to time.

The rates and fees charged by Georgetown for retail water and wastewater service are published and updated from time to time by Georgetown on its official website. Please refer to Georgetown’s official websites for current rates and fees. **The rates and charges established by Georgetown are not financial and operating data of the District and will not be updated by the District annually as part of the District’s continuing disclosure undertaking.**

**Operating Revenues and Expenses Statement - Table 2**

The following statement sets forth in condensed form the historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary has been prepared from information obtained from the District’s financial statements and records. Reference is made to such statements for further and more complete information. Also see “APPENDIX A – Audited Financial Statements for the District for the fiscal year ended September 30, 2023.”

	Fiscal Year Ended					
	4/30/2024 <sup>(a)</sup>	9/30/2023 <sup>(b)</sup>	9/30/2022 <sup>(b)</sup>	9/30/2021 <sup>(b)</sup>	9/30/2020 <sup>(c)</sup>	9/30/2019 <sup>(c)</sup>
<b>REVENUES</b>						
Property taxes, including penalties	\$ 312,324	\$ 97,361	\$ 37,060	\$ 2,255	\$ -	\$ -
Drainage Fees	1,950	131,300	-	-	-	-
Interest/Other	3,088	414	24	12	10	-
Developer Advances	-	-	10,000	35,700	65,000	-
<b>TOTAL REVENUES</b>	<b>\$ 317,362</b>	<b>\$ 229,075</b>	<b>\$ 47,084</b>	<b>\$ 37,967</b>	<b>\$ 65,010</b>	<b>\$ -</b>
<b>EXPENDITURES</b>						
Legal Fees	\$ 34,073	\$ 36,852	\$ 25,615	\$ 18,204	\$ 37,268	\$ -
Engineering Fees	7,120	15,709	10,467	6,500	1,999	7,521
Accounting Fees	9,750	10,700	3,400	3,050	3,150	-
Audit Fees	10,000	9,000	8,000	-	-	-
Financial Advisor Fees	1,810	980	980	980	-	-
Tax appraisal/collection fees	530	542	16	15	-	-
Public Notice	-	75	547	410	410	-
Director Fees, including payroll taxes	2,855	2,235	1,938	3,552	5,975	-
Insurance	3,235	1,513	1,847	1,552	1,704	160
Other	1,795	730	11	176	720	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 71,167</b>	<b>\$ 78,336</b>	<b>\$ 52,821</b>	<b>\$ 34,439</b>	<b>\$ 51,226</b>	<b>\$ 7,681</b>
<b>NET REVENUES (DEFICIT)</b>	<b>\$ 246,195</b>	<b>\$ 150,739</b>	<b>\$ (5,737)</b>	<b>\$ 3,528</b>	<b>\$ 13,784</b>	<b>\$ (7,681)</b>
Less Developer Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Beginning Fund Balance</b>	<b>\$ 154,633</b>	<b>\$ 3,894</b>	<b>\$ 9,631</b>	<b>\$ 6,103</b>	<b>\$ (7,681)</b>	<b>\$ -</b>
<b>Plus / (Less): Fund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 400,828</b>	<b>\$ 154,633</b>	<b>\$ 3,894</b>	<b>\$ 9,631</b>	<b>\$ 6,103</b>	<b>\$ (7,681)</b>

(a) Unaudited. As of April 30, 2024. Partial year. Represents seven (7) months of the District’s current fiscal year.

(b) Audited.

(c) Unaudited. The District’s initial audit was conducted for the fiscal year ending September 30, 2021.

**DEBT SERVICE REQUIREMENTS – TABLE 3**

**Berry Creek Highlands Municipal Utility District**

**\$5,700,000**

**Unlimited Tax Bonds, Series 2024**

**Dated Date: June 27, 2024**

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

Year Ending 31-Dec	The Bonds				Principal and Interest	Total Debt Service Requirements
	Principal (Due 9/01)	Interest				
		(Due 3/01)	(Due 9/01)	Total		
2024	\$ -	\$ -	\$ 45,094	\$ 45,094	\$ 45,094	\$ 45,094
2025	-	126,828	126,828	253,656	253,656	253,656
2026	150,000	126,828	126,828	253,656	403,656	403,656
2027	150,000	122,328	122,328	244,656	394,656	394,656
2028	150,000	117,828	117,828	235,656	385,656	385,656
2029	175,000	113,328	113,328	226,656	401,656	401,656
2030	175,000	108,078	108,078	216,156	391,156	391,156
2031	175,000	102,828	102,828	205,656	380,656	380,656
2032	200,000	97,578	97,578	195,156	395,156	395,156
2033	200,000	91,578	91,578	183,156	383,156	383,156
2034	200,000	87,578	87,578	175,156	375,156	375,156
2035	225,000	83,578	83,578	167,156	392,156	392,156
2036	225,000	79,078	79,078	158,156	383,156	383,156
2037	250,000	74,578	74,578	149,156	399,156	399,156
2038	250,000	69,578	69,578	139,156	389,156	389,156
2039	250,000	64,578	64,578	129,156	379,156	379,156
2040	275,000	59,578	59,578	119,156	394,156	394,156
2041	300,000	54,078	54,078	108,156	408,156	408,156
2042	300,000	48,078	48,078	96,156	396,156	396,156
2043	325,000	42,078	42,078	84,156	409,156	409,156
2044	325,000	35,578	35,578	71,156	396,156	396,156
2045	350,000	28,875	28,875	57,750	407,750	407,750
2046	350,000	21,656	21,656	43,313	393,313	393,313
2047	350,000	14,438	14,438	28,875	378,875	378,875
2048	350,000	7,219	7,219	14,438	364,438	364,438
	<b><u>\$ 5,700,000</u></b>	<b><u>\$ 1,777,750</u></b>	<b><u>\$ 1,822,845</u></b>	<b><u>\$ 3,600,595</u></b>	<b><u>\$ 9,300,595</u></b>	<b><u>\$ 9,300,595</u></b>

**FINANCIAL STATEMENT  
(Unaudited)**

**Assessed Value – Table 4**

2023 Certified Assessed Valuation		\$ 56,712,360	(a)
2024 Preliminary Assessed Valuation		\$ 115,672,843	(b)
Gross Debt Outstanding		\$ 5,700,000	(c)
Ratio of Gross Debt to 2023 Certified Assessed Valuation		10.05%	
Ratio of Gross Debt to 2024 Preliminary Assessed Valuation		4.93%	
2023 Tax Rate			
	Debt Service	\$ -	
	Maintenance	<u>0.5500</u>	
	<b>Total 2023 Tax Rate</b>	<u>\$ 0.5500</u>	(d)
Debt Service Fund Balance (after the issuance of the Bonds)		\$ 501,920	(e)

- (a) The certified assessed valuation as of January 1, 2023, as provided by WCAD. See “TAXING PROCEDURES.”
- (b) The preliminary assessed valuation as January 1, 2024, as provided by WCAD. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) The Bonds.
- (d) The District levied a 2023 maintenance only tax rate of \$0.55 at its meeting in September 2023. The District intends to levy a maintenance and debt service tax rate in August 2024. See “TAXING PROCEDURES.”
- (e) Represents approximately twenty-four (24) months’ capitalized interest (\$501,920) included in the Bond proceeds to be deposited into the Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

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

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/5/2019	Water, Wastewater, and Drainage	\$ 122,000,000	\$ 5,700,000 (a)	\$ 116,300,000 (b)
11/5/2019	Parks and Recreation Facilities	9,150,000	-	9,150,000 (b)
11/5/2019	Water, Wastewater, Drainage, and Parks and Recreation Refunding	196,725,000	-	196,725,000
11/5/2019	Roads	32,000,000	-	32,000,000 (b)
11/5/2019	Roads Refunding	<u>48,000,000</u>	<u>-</u>	<u>48,000,000</u>
<b>Total</b>		<b>\$ 407,875,000</b>	<b>\$ 5,700,000</b>	<b>\$ 402,175,000</b>

- (a) The Bonds.
- (b) The Consent Agreement with the City limits the amount of bonds that can be issued to reimburse the Developer to \$30,150,000. See “THE DISTRICT – Consent Agreement with the City.”

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

**Outstanding Bonds - Table 6**

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds
06/27/24	Water, Wastewater, and Drainage	2024	\$ 5,700,000	\$ 5,700,000 (a)
	Total		<u>\$ 5,700,000</u>	<u>\$ 5,700,000</u>

(a) The Bonds.

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

General Fund	\$ 399,940
Debt Service Fund	501,920 <sup>(b)</sup>

(a) Unaudited as of May 23, 2024.

(b) Represents approximately twenty-four (24) months of capitalized interest 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 State law, the District is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations 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 or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund (“NCUSIF”) or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District’s custodian of the banking deposits issued for the District’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the

District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with 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; (12) commercial paper with a stated maturity of 365 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; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. 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, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or a third party selected and approved by the District.

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 ten (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.

Political subdivisions such as the District are authorized to implement 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 (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (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 third 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; and (iv) the agreement to lend securities has a term of one year or less.

Under State 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 State 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 District's 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, the ending market value, and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the 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) State law. No person may invest District funds without express written authority from the Board of Directors.

**Current Investments - Table 8**

The District, as of May 23, 2024, 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 investments, 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 securities are not issued to evidence the investment, 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.

<b>Investment Value as of May 23, 2024</b>	
Cash	\$ 43,340
TexPool	356,599
<b>Total Investments</b>	<b>\$ 399,940</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.

<b>Taxing Body</b>	<b>Total Tax Supported Debt</b>		<b>% of Overlapping Net Debt</b>	<b>Amount of Overlapping Gross Debt</b>
	<b>Amount</b>	<b>As of</b>		
Williamson County	\$ 1,311,170,000	4/30/2024	0.046%	\$ 608,760
Williamson County ESD No. 8	(a)	4/30/2024	0.000%	-
Williamson County FM/RD	(a)	4/30/2024	0.000%	-
City of Georgetown	385,790,000	4/30/2024	0.334%	1,288,372
Jarrell Independent School District	289,299,988	4/30/2024	2.075%	6,002,934
<b>TOTAL ESTIMATED OVERLAPPING DEBT</b>				<b>\$ 7,900,066</b>
The District <sup>(b)</sup>	\$ 5,700,000	6/27/2024	100.00%	\$ 5,700,000
<b>TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT</b>				<b>\$ 13,600,066</b>
<b>Ratio of Estimated Overlapping &amp; Direct Debt to 2023 Certified Assessed Valuation</b>				<b>23.98%</b>
<b>Ratio of Estimated Overlapping &amp; Direct Debt to 2024 Preliminary Assessed Valuation</b>				<b>11.76%</b>

(a) Taxing jurisdiction with no outstanding debt.  
 (b) The Bonds.

**Overlapping Taxes for 2023**

Overlapping Entity	2023 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill <sup>(a)</sup>
	Williamson County	Williamson County
Williamson County	\$ 0.333116	\$ 776
Williamson County ESD No. 8	0.094073	219
Williamson County FM/RD	0.044329	103
City of Georgetown	0.374000	872
Jarrell Independent School District	1.169200	2,725
The District	0.550000	1,282
<b>Total</b>	<b>\$ 2.564718</b>	<b>\$ 5,978</b>

(a) Based upon the 2023 average single-family home value of \$233,081 as provided by WCAD.

**TAX DATA**

**Classification of Assessed Valuation - Table 9**

Type Property	2024 <sup>(a)</sup>		2023 <sup>(b)</sup>		2022 <sup>(b)</sup>	
	Amount	%	Amount	%	Amount	%
Residential Single-Family	\$ 38,409,435	33.21%	\$ 3,783,348	6.67%	\$ 368,995	2.08%
Residential Multi-Family	53,751,979	46.47%	30,000,000	52.90%	-	0.00%
Vacant Platted Lots	4,143,772	3.58%	1,189,507	2.10%	5,298	0.03%
Real Acreage	-	0.00%	-	0.00%	964,141	5.45%
Farm and Ranch Improvements	6,691,346	5.78%	11,696,893	20.62%	10,514,750	59.40%
Personal Business	108,655	0.09%	110,459	0.19%	-	0.00%
Real Inventory	24,636,744	21.30%	14,295,786	25.21%	8,960,105	50.62%
Exempt	1,572	0.00%	1,677	0.00%	10	0.00%
Less: Adjustments	(12,070,660)	-10.44%	(4,365,310)	-7.70%	(3,111,255)	-17.58%
<b>Total</b>	<b>\$115,672,843</b>	<b>100.00%</b>	<b>\$ 56,712,360</b>	<b>100.00%</b>	<b>\$ 17,702,044</b>	<b>100.00%</b>

(a) Provided by WCAD.

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

**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	%	
2020	\$ 376,232	\$ 0.5500	\$ 2,069	\$ 2,069	100.00%	\$ 2,069	100.00%	9/30/2021 <sup>(b)</sup>
2021	6,738,078	0.5500	37,059	37,059	100.00%	37,059	100.00%	9/30/2022 <sup>(b)</sup>
2022	17,702,044	0.5500	97,361	97,361	100.00%	97,361	100.00%	9/30/2023 <sup>(b)</sup>
2023	56,712,360	0.5500	311,918	311,674	99.92%	311,674	99.92%	9/30/2024 <sup>(c)</sup>

(a) Assessed Valuation reflects the adjusted value at September 30<sup>th</sup> as included in the audited financial statement.

(b) Audited.

(c) Unaudited. Reflects tax collections through April 30, 2024.

**District Tax Rates - Table 11**

	Tax Rates per \$100 Assessed Valuation			
	2023	2022	2021	2020
<b>Debt Service</b>	\$ -	\$ -	\$ -	\$ -
<b>Maintenance</b>	0.5500	0.5500	0.5500	0.5500
<b>Total</b>	<b>\$ 0.5500</b>	<b>\$ 0.5500</b>	<b>\$ 0.5500</b>	<b>\$ 0.5500</b>

**Debt Service Tax**

The District’s tax rate for debt service on the Bonds is legally unlimited as to rate or amount.

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 5, 2019, voters within the District authorized a maintenance tax not to exceed \$1.50/\$100 assessed valuation. As shown above under “District Tax Rates – Table 11,” the District levied a 2023 maintenance and operation tax of \$0.5500/\$100 assessed valuation. See “THE DISTRICT – General.”

**Principal Taxpayers - Table 12**

The following list of principal taxpayers was provided by WCAD based on the 2024, 2023, and 2022 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Name	Type of Property	2024 <sup>(a)</sup>	2023 <sup>(b)</sup>	2022 <sup>(b)</sup>
Alta Berry Creek LP <sup>(c)</sup>	Apartments	\$ 53,751,979	\$ 30,000,000	\$ 201
Berry Creek (Georgetown) ASLI IX LLC <sup>(e)</sup>	Land & Improvements	5,747,948	5,831,507	13,564,323
FR Berry Creek LLC <sup>(e)</sup>	Land & Improvements	7,002,100	5,331,040	(d)
Ashton Austin Residential LLC <sup>(e)</sup>	Land & Improvements	3,003,672	2,100,762	3,404,800
Weekley Homes LLC	Land & Improvements	1,079,936	1,735,280	732,800
FR Berry Hills LLC <sup>(e)</sup>	Land & Improvements	1,491,730	1,222,893	(d)
Nexmetro Berry Creek Highlands LP <sup>(f)</sup>	Apartments	3,167,954	843,824	(d)
Individual Homeowner	Land & Improvements	478,178	457,520	(d)
Individual Homeowner	Land & Improvements	476,576	421,352	(d)
Individual Homeowner	Land & Improvements	476,314	411,379	(d)
<b>Total</b>		<b>\$ 76,676,387</b>	<b>\$ 48,355,557</b>	<b>\$ 17,702,124</b>
Percent of Assessed Valuation		66.29%	85.26%	100.00%

- (a) Provided by WCAD. Based on the Preliminary Assessed Valuation as of January 1, 2024, as provided by WCAD, which is included solely for purposes of illustration. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (b) Assessed Valuation reflects the adjusted value on September 30<sup>th</sup> of each respective year as included in the audited financial statement.
- (c) Owner of a 308-unit multi-family facility in the District. See “THE DISTRICT – Historical and Current Status of Development.”
- (d) Not a principal taxpayer in respective year.
- (e) The Developers and related entities. See “THE DEVELOPERS.”
- (f) Owner of a 224-unit multi-family facility in the District which is currently under construction and is expected to be completed by the second quarter of 2025. See “THE DISTRICT – Historical and Current Status of Development.”

**Tax Adequacy for Debt Service**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2023 Certified Assessed Valuation and the 2024 Preliminary Assessed Valuation and utilize tax rates adequate to service the District’s total debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See “RISK FACTORS – Factors Affecting Taxable Values and Tax Payments - Impact on District Tax Rates.”

Average Requirement on the Bonds (2025 through 2048).....	\$385,646
\$0.72 Tax Rate on 2023 Certified Assessed Valuation of \$56,712,360 @ 95% collections produce.....	\$387,913
\$0.36 Tax Rate on 2024 Preliminary Assessed Valuation of \$115,672,843 @ 95% collections produce.....	\$395,601
Maximum Requirement on the Bonds (2043).....	\$409,156
\$0.76 Tax Rate on 2023 Certified Assessed Valuation of \$56,712,360 @ 95% collections produce.....	\$409,463
\$0.38 Tax Rate on 2024 Preliminary Assessed Valuation of \$115,672,843 @ 95% collections produce.....	\$417,579

**Debt Service Fund Management Index**

Capitalized Interest included in Bond Proceeds <sup>(a)</sup> .....	<u>\$501,920</u>
Total Available for Debt Service.....	\$501,920
Less: Debt Service Requirements for year ending 12/31/24 <sup>(b)</sup> .....	<u>(48,133)</u>
Projected Debt Service Fund Balance as of September 30, 2024.....	\$453,787

- (a) Represents approximately twenty-four (24) months of capitalized interest to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.
- (b) Interest payments on the Bonds begin September 1, 2024.

**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, its other remaining outstanding bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS - Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS - Source of and Security for Payment.” Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its utility systems and for the payment of certain contractual obligations, if authorized by its voters. See “TAX DATA – Debt Service Tax” and “-Maintenance Tax.”

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

Title I of the Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

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

**Property Subject to Taxation by the District**

**General:** Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of

Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 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 if such rating is less than 100%. 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

***Residential Homestead Exemptions:*** The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation if the exemption is adopted by the governing board of the political subdivision before July 1. 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 District has never adopted a general homestead exemption.

***Tax Abatement:*** The City and Williamson County may designate all or part of the District as a reinvestment zone, and the District, Williamson County, and (after annexation of the area) the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all, or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

***Freeport Goods and Goods-in-Transit Exemption:*** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has not taken action 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% 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 by 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 one hundred percent (100%) of 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.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives an 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 for agricultural use and taxes for the previous five years for open space land and timberland.

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.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent (20%) of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap took effect on January 1, 2024.

### **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 the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. And 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 after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment, and the postponement of the delinquency date of taxes under certain circumstances.

The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

### **Tax Payment Installments**

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

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

**Developed Districts:** Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, and any unused increment rates authorized by the Property Tax Code for the preceding tax year, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for the Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, plus any unused increment rates (the "voter-approval tax rate"). An election is not required if the adopted tax rate is less than or equal to the voter-approval tax rate. In addition, if any part of a Developed District lies

within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

**Developing Districts:** The qualified voters of Developing Districts, upon a Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for the Developing District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

**The District:** A determination as to a district's status as a Special Taxing Unit, Developed District, or Developing District will be made by the board of directors of the district on an annual basis. The Board of Directors of the District has designated the District a Developing District for purposes of the 2023 tax year, but the District cannot give any assurances as to what its classification will be at any future 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 2023". 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 commercial property within six months and residential and all other types of 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 "RISK FACTORS - General - Tax Collections and Foreclosure Remedies."

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

FIRREA contains provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution. Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary lien shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real property taxes when due, and (iii) notwithstanding the failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

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

## **LEGAL MATTERS**

### **Legal Opinions**

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of 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**

#### **Opinion**

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 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 Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. 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 (the “IRS”) 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 judgment 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 IRS will commence an audit of the Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS 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 corporations' "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 foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

### **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain 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 has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District covenants 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 IRS could take a contrary view. If the IRS takes the**

**position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge 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 months after the end of each fiscal year. The District will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within such twelve-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 IRS 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 the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined by the Rule, which includes 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 District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. Neither the Bonds nor the Bond Order make any provision for a debt service reserve or a trustee.

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 for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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) a debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an 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 used in such clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “ – Annual Reports.” The District will provide each notice described in this “-Notice of Certain Events” caption to the MSRB in an electronic format and 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.

The District may amend its continuing disclosure 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 (i) 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 (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this 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) determines 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**

The Bonds represent the initial installment of bonds issued by the District; therefore, the District has not had to comply with any continuing disclosure undertaking pursuant to the Rule.

## **FINANCIAL ADVISOR**

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC, which firm was employed in 2019 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 consultants 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” – Jones-Heroy & Associates, Inc. (“Engineer”); “THE DEVELOPERS” – Berry Creek (Georgetown) ASLI IX, LLC and Ashton Austin Residential, L.L.C.; “FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued – Table 5” - 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” – Records of the District; “THE DISTRICT - Management of the District” - District Directors; “DEBT SERVICE REQUIREMENTS – TABLE 3” - Financial Advisor; “THE BONDS” (except “Payment Record” and “DTC Redemption Provision”), “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except in the subheading “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, 2023, were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and excerpts of the District’s Audited Financial Statements as of September 30, 2023, have been included as Appendix A in reliance upon such firm’s authority in the field of accounting.

Tax Assessor/Collector: The information contained in this Official Statement relating to tax collection rates and principal taxpayers has been provided by Mr. Larry Gaddes, in reliance upon his authority in the field of tax assessing and collecting.

### Updating the Official Statement During Underwriting Period

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

### Certification as to Official Statement

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

INFORMATION” herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the “end of the underwriting period” is the responsibility of the Initial Purchaser.

#### **Annual Audits**

Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bonds 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 Berry Creek Highlands Municipal Utility District, as of the date shown on the first page hereof.

/s/ Calen Shearer  
President, Board of Directors  
Berry Creek Highlands Municipal Utility District

/s/ Ray Freer  
Secretary, Board of Directors  
Berry Creek Highlands Municipal Utility District

## 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 Berry Creek Highlands Municipal Utility District for the fiscal year ended September 30, 2023.

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT**

**YEAR ENDED SEPTEMBER 30, 2023**

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

# BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF WILLIAMSON

I, \_\_\_\_\_ of the  
(Name of Duly Authorized District Representative)

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **26th day of January, 2024**, its annual audit report for the fiscal year ended **September 30, 2023** and that copies of the annual audit report have been filed in the District's office, located at:

**100 Congress Ave., Suite 1300**  
**Austin, Texas 78701**  
(Address of District's Office)

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

Date: \_\_\_\_\_, \_\_\_\_\_ By: \_\_\_\_\_  
(Signature of Representative)  
\_\_\_\_\_  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_, \_\_\_\_\_.  
Notary Public in the State of Texas

# **INDEPENDENT AUDITOR'S REPORT**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

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

PO Box 29584  
Austin, Texas 78755  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Berry Creek Highlands Municipal Utility District  
Williamson County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Berry Creek Highlands Municipal Utility District (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

January 26, 2024

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

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In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of Berry Creek Highlands Municipal Utility District (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2023. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s basic financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- *General Fund:* At the end of the current fiscal year, the nonspendable and unassigned fund balance was \$155,102, an increase of \$151,208 from the previous fiscal year. General Fund revenues were \$229,075 and expenditures were \$77,867 for the fiscal year ended September 30, 2023.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$151,208 in the current fiscal year. Net position increased from a deficit balance of \$106,806 at September 30, 2022 to \$44,402 at September 30, 2023.

**OVERVIEW OF THE DISTRICT**

The District was created under Article XVI, Section 59 of the Texas Constitution and Texas Water Code Chapters 49 and 54 for, among other purposes, financing the construction of the water, wastewater, drainage, recreational, and road facilities serving the District, as contemplated in the Amended and Restated Consent Agreement effective (as to the District) August 9, 2019 among the City of Georgetown, Texas, Berry Creek (Georgetown) ASLI IX, LLC, and the District.

The District consists of 314.54 acres in northwestern Williamson County approximately six miles northwest of the City of Georgetown, northwest of Shell Road and south of State Highway 195.

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

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**USING THIS ANNUAL REPORT**

This annual report consists of five parts:

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

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

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

**Summary Statement of Net Position**

	Governmental Activities		Change Increase (Decrease)
	2023	2022	
Current and other assets	\$ 176,724	\$ 14,011	\$ 162,713
Non-current assets	-	-	-
<b>Total Assets</b>	<b>\$ 176,724</b>	<b>\$ 14,011</b>	<b>\$ 162,713</b>
Current liabilities	\$ 21,622	\$ 10,117	\$ 11,505
Long-term liabilities	110,700	110,700	-
<b>Total Liabilities</b>	<b>\$ 132,322</b>	<b>\$ 120,817</b>	<b>\$ 11,505</b>
Unrestricted	\$ 44,402	\$ (106,806)	\$ 151,208
<b>Total Net Position</b>	<b>\$ 44,402</b>	<b>\$ (106,806)</b>	<b>\$ 151,208</b>

The District's net position increased by \$151,208 during the 2023 fiscal year to \$44,402 at September 30, 2023 from the previous year's deficit balance of \$106,806.

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

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

**Revenues and Expenses:**

	<u>Summary Statement of Activities</u>		Change Increase (Decrease)
	Governmental Activities		
	2023	2022	
Property taxes	\$ 97,361	\$ 37,060	\$ 60,301
Drainage fees	131,300	-	131,300
Interest and other	414	24	390
<b>Total Revenues</b>	<b>\$ 229,075</b>	<b>\$ 37,084</b>	<b>\$ 191,991</b>
Professional fees	\$ 73,241	\$ 48,462	\$ 24,779
Other	4,626	4,359	267
<b>Total Expenses</b>	<b>\$ 77,867</b>	<b>\$ 52,821</b>	<b>\$ 25,046</b>
Change in Net Position	\$ 151,208	\$ (15,737)	\$ 166,945
Beginning Net Position	(106,806)	(91,069)	(15,737)
<b>Ending Net Position</b>	<b>\$ 44,402</b>	<b>\$ (106,806)</b>	<b>\$ 151,208</b>

Revenues were \$229,075 for the fiscal year ended September 30, 2023 while expenses were \$77,867. Net position increased \$151,208 during the 2023 fiscal year.

For the fiscal year ended September 30, 2023, property tax revenues totaled \$97,361. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2022 tax year (September 30, 2023 fiscal year) were based upon a current assessed value of \$17,702,044 and a tax rate of \$0.55 per \$100 of assessed valuation.

The tax rate levied is determined after the District's Board of Directors reviews the General Fund budget requirements and the debt service obligations of the District, if any. The District's primary source of revenue is property taxes.

**BERRY CREEK HIGHLANDS  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

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**ANALYSIS OF GOVERNMENTAL FUND**

	<u>Governmental Fund by Year</u>		
	2023	2022	2021
Cash	\$ 175,869	\$ 14,011	\$ 19,080
Prepaid expenditures	855	-	-
<b>Total Assets</b>	<b>\$ 176,724</b>	<b>\$ 14,011</b>	<b>\$ 19,080</b>
Accounts payable	\$ 21,622	\$ 10,117	\$ 9,449
<b>Total Liabilities</b>	<b>\$ 21,622</b>	<b>\$ 10,117</b>	<b>\$ 9,449</b>
Nonspendable	\$ 855	\$ -	\$ -
Unassigned	154,247	3,894	9,631
<b>Total Fund Balances</b>	<b>\$ 155,102</b>	<b>\$ 3,894</b>	<b>\$ 9,631</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 176,724</b>	<b>\$ 14,011</b>	<b>\$ 19,080</b>

As of September 30, 2023, the District's governmental fund reflected a fund balance of \$155,102, a \$151,208 increase compared to the prior year fund balance of \$3,894.

**BUDGETARY HIGHLIGHTS**

The General Fund pays for daily operating expenditures. The Board of Directors adopted the 2023 budget on August 26, 2022. The budget included revenues of \$169,512 as compared to expenditures of \$88,130 for the 2023 fiscal year. When comparing actual figures to budgeted amounts, the District had a positive net variance of \$69,826. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The property tax assessed value for the 2023 tax year is approximately \$57 million. The fiscal year 2024 tax rate (2023 tax year) is \$0.55 on each \$100 of taxable value. All of the property tax collected during fiscal year 2023 will fund general operating expenses.

The adopted budget for fiscal year 2024 projects an operating fund balance increase of \$250,134.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Armbrust & Brown, PLLC, 100 Congress Ave., Suite 1300, Austin, TX 78701.

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# **FINANCIAL STATEMENTS**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Adjustments Note 2</u>	<u>Government - Wide Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Cash	\$ 175,869	\$ -	\$ 175,869
Prepaid costs	855	-	855
<b>TOTAL ASSETS</b>	<u>\$ 176,724</u>	<u>-</u>	<u>176,724</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 21,622	-	21,622
Long-term liabilities - Due to developer	-	110,700	110,700
<b>TOTAL LIABILITIES</b>	<u>21,622</u>	<u>110,700</u>	<u>132,322</u>
<b><u>FUND BALANCE / NET POSITION</u></b>			
Fund balance - Nonspendable	\$ 855	\$ (855)	\$ -
Unassigned	154,247	(154,247)	-
<b>TOTAL FUND BALANCE</b>	<u>155,102</u>	<u>(155,102)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 176,724</u>		
Net position - Unrestricted		44,402	44,402
<b>TOTAL NET POSITION</b>		<u>\$ 44,402</u>	<u>\$ 44,402</u>

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Adjustments Note 2</u>	<u>Government - Wide Statement of Activities</u>
<b><u>REVENUES:</u></b>			
Property taxes, including penalties	\$ 97,361	\$ -	\$ 97,361
Drainage fees	131,300	-	131,300
Interest and other	414	-	414
<b>TOTAL REVENUES</b>	<u>229,075</u>	<u>-</u>	<u>229,075</u>
<b><u>EXPENDITURES / EXPENSES:</u></b>			
Legal fees	36,852	-	36,852
Engineering fees	15,709	-	15,709
Accounting fees	10,700	-	10,700
Audit fees	9,000	-	9,000
Financial advisor fees	980	-	980
Tax appraisal/collection fees	542	-	542
Public notice	75	-	75
Director fees, including payroll taxes	2,235	-	2,235
Insurance	1,513	-	1,513
Other	261	-	261
<b>TOTAL EXPENDITURES / EXPENSES</b>	<u>77,867</u>	<u>-</u>	<u>77,867</u>
<b>NET CHANGE IN FUND BALANCE</b>	151,208	(151,208)	-
<b>CHANGE IN NET POSITION</b>		151,208	151,208
<b><u>FUND BALANCE / NET POSITION:</u></b>			
Beginning of the year	3,894	(110,700)	(106,806)
End of the year	<u>\$ 155,102</u>	<u>\$ (110,700)</u>	<u>\$ 44,402</u>

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Berry Creek Highlands Municipal Utility District the “District”) relating to the fund included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. GAAP for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (“GASB”), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**Reporting Entity** - The District, a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality dated July 22, 2019 under Article XVI, Section 59 of the Texas Constitution and Texas Water Code Chapters 49 and 54 for, among other purposes, financing the construction of the water, wastewater, drainage, recreational and road facilities serving the District, as contemplated in the Amended and Restated Consent Agreement effective (as to the District) August 9, 2019 among the City of Georgetown, Texas (the “City”), Berry Creek (Georgetown) ASLI IX, LLC, and the District. The reporting entity of the District encompasses those activities and functions over which the District’s officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”), the members of which have been elected or deemed elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB standards since the majority of Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District’s reporting entity.

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

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

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

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

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

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

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

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

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

***Basis of Accounting***

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

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

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

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

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

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

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

***Budgets and Budgetary Accounting*** - An unappropriated budget was adopted on August 26, 2022, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current fiscal year.

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

***Cash*** - Includes cash on deposits.

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

- ***Nonspendable***: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted***: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.
- ***Committed***: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- ***Assigned***: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.
- ***Unassigned***: all other spendable amounts in the General Fund.

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

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

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUND**

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

Fund Balance - Governmental Fund	\$ 155,102
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds - Due to developer	<u>(110,700)</u>
Net Position - Governmental Activities	<u>\$ 44,402</u>

**3. CASH**

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the "Public Funds Investment Act") and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation ("FDIC") insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees.

At September 30, 2023, the carrying amount of the District's cash was \$175,869 and the bank balance was \$171,596. The bank balance was covered by federal depository insurance.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on August 26, 2022.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2022 tax roll. The tax rate, based on total taxable assessed valuation of \$17,702,044 was \$0.55 on each \$100 valuation and was allocated solely to the General Fund. The maximum allowable maintenance tax of \$1.50 was established by the voters at an election held on November 5, 2019.

Property taxes were fully collected as of September 30, 2023.

**5. BONDED DEBT**

Bonds authorized but not issued as of September 30, 2023, are as follows:

<u>Type</u>	<u>Amount</u>
Unlimited Tax Bonds	\$ 122,000,000
Road Bonds	\$ 32,000,000
Park and Recreational Facilities	\$ 9,150,000

The District has not issued any debt as of September 30, 2023.

**6. COMMITMENTS AND CONTINGENCIES**

The Developer of the land within the District has incurred costs for the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues, subject to approval by the Commission, or from operations. On November 5, 2019, a bond election held within the District approved authorization to issue \$122,000,000 of bonds to fund costs of proposed water, wastewater and drainage system facilities. Additionally, \$9,150,000 of bonds to fund costs for parks and recreational facilities and \$32,000,000 to fund road improvements were approved by voters of the District on November 5, 2019. As of September 30, 2023, the District has not issued any bonds to repay the developer. The District owes the developer \$110,700 for advances used to fund operating expenditures as of September 30, 2023.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**7. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**8. CONSENT AGREEMENT**

Pursuant to the Amended and Restated Consent Agreement (the “Agreement”) entered into by the District, the developer, and the City effective (as to the District) August 9, 2019, the District and the developer will design, finance, and construct all water and wastewater facilities required to serve the District in accordance with applicable City requirements and design standards. Upon completion of the construction of water and wastewater facilities constructed by or on behalf of the District, and following the City’s acceptance of such facilities, the facilities will be conveyed to the City. In exchange for the conveyance of the water and wastewater facilities to serve the District, the City agrees to operate and maintain all water and wastewater facilities conveyed and to provide retail water and wastewater services to customers within the District at the City’s standard water and wastewater rates. The Agreement will continue in effect until the District is dissolved and its obligations are fully assumed by the City or a property owners association, at the City’s sole election or until termination by mutual agreement of the City and the District.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties	\$ 97,361	\$ 97,362	\$ (1)
Drainage fees	131,300	72,150	59,150
Interest and other	414	-	414
<b>TOTAL REVENUES</b>	<u>229,075</u>	<u>169,512</u>	<u>59,563</u>
<b>EXPENDITURES:</b>			
Legal fees	36,852	47,500	10,648
Engineering fees	15,709	7,200	(8,509)
Accounting fees	10,700	14,000	3,300
Audit fees	9,000	8,250	(750)
Financial advisor fees	980	1,250	270
Tax appraisal/collection fees	542	100	(442)
Public notice	75	500	425
Director fees, including payroll taxes	2,235	6,480	4,245
Insurance	1,513	1,750	237
Other	261	1,100	839
<b>TOTAL EXPENDITURES</b>	<u>77,867</u>	<u>88,130</u>	<u>10,263</u>
<b>NET CHANGE IN FUND BALANCE</b>	151,208	<u>\$ 81,382</u>	<u>\$ 69,826</u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>3,894</u>		
End of the year	<u>\$ 155,102</u>		

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**TEXAS SUPPLEMENTARY  
INFORMATION**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2023**

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

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

**2. Retail Service Providers**

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

	<b>Minimum Charge</b>	<b>Minimum Usage</b>	<b>Flat Rate Y/N</b>	<b>Rate per 1000 Gallons Over Minimum</b>	<b>Usage Levels</b>
WATER:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	(1)	(1)	(1)	(1)	(1)
SURCHARGE:	(1)	(1)	(1)	(1)	(1)

District employs winter averaging for wastewater usage?      Yes       No

Total charges per 10,000 gallons usage:    Water      (1)      Wastewater      (1)

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

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

<sup>(1)</sup> Water and wastewater service is provided to District residents by City of Georgetown, Texas.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES (continued)**  
**SEPTEMBER 30, 2023**

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

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

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

<b>Water Accountability Ratio</b> (Gallons billed / Gallons Pumped) N/A
---

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

Does the District assess standby fees?                      Yes       No

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

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

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

**5. Location of District**

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

Is the District located entirely within one county?                      Yes       No

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

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

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

Entirely       Partly       Not at all

ETJ's in which district is located: \_\_\_\_\_

Are Board members appointed by an office outside the district?

Yes       No

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

(1) Water and wastewater service is provided to District residents by City of Georgetown, Texas.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**TSI-2. GENERAL FUND EXPENDITURES**  
**SEPTEMBER 30, 2023**

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		9,000
Legal		36,852
Engineering		15,709
Financial Advisor		980
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		10,700
General Manager		-
Appraisal District/Tax Collector		542
Other Contracted Services		-
Utilities		-
Repairs and Maintenance		-
Chemicals		-
Administrative Expenditures:		
Directors' Fees		2,235
Office Supplies		-
Insurance		1,513
Election Costs		-
Other Administrative Expenditures		336
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b><u>77,867</u></b>

Number of persons employed by the District:

Full-Time

Part-Time

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
TSI-3. TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2023**

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<b>Funds</b>	<b>Identification or Certificate Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>	<b>Accrued Interest Receivable at End of Year</b>
--------------	---	--------------------------	--------------------------	---------------------------------------	---

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The District does not have any investments at September 30, 2023.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2023**

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>	
<b>Taxes Receivable, Beginning of Year</b>	\$ -	\$ -	
2022 Original Tax Levy	97,362	-	
Adjustments	(1)	-	
Total to be accounted for	<u>97,361</u>	<u>-</u>	
Tax collections:			
Current year	97,361	-	
Prior years	-	-	
Total collections	<u>97,361</u>	<u>-</u>	
<b>Taxes Receivable, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	
<b>Taxes Receivable, By Tax Years</b>			
2021	\$ -	\$ -	
2022	-	-	
<b>Taxes Receivable, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	
<b>Property Valuations:</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and improvements	<u>\$ 17,702,044</u> (a)	<u>\$ 6,738,078</u> (a)	<u>\$ 376,232</u>
<b>Total Property Valuations</b>	<u>\$ 17,702,044</u>	<u>\$ 6,738,078</u>	<u>\$ 376,232</u>
<b>Tax Rates per \$100 Valuation:</b>			
Debt Service tax rates	\$ -	\$ -	\$ -
Maintenance tax rates	<u>0.55</u>	<u>0.55</u>	<u>0.55</u>
<b>Total Tax Rates per \$100 Valuation:</b>	<u>\$ 0.55</u>	<u>\$ 0.55</u>	<u>\$ 0.55</u>
<b>Original Tax Levy</b>	<u>\$ 97,361</u>	<u>\$ 37,059</u>	<u>\$ 2,069</u>
<b>Percent of Taxes Collected to Taxes Levied **</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Maximum Maintenance Tax Approved by Voters:</b>	<u>\$ 1.50 on 11/5/2019</u>		

\*\*Calculated as taxes collected in current and previous years divided by tax levy.

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

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS  
SEPTEMBER 30, 2023**

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The District has not issued any long-term debt at September 30, 2023.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT**  
**TSI-6. CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2023**

	<b>Total</b>
Interest Rate	
Dates Interest Payable	
Maturity Dates	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ -
Bonds Sold During the Current Fiscal Year	-
Retirements During the Current Fiscal Year:	
Principal	-
Refunded	-
	-
Bonds Outstanding at End of Current Fiscal Year	\$ -
Interest Paid During the Current Fiscal Year	\$ -

Paying Agent's Name & Address:

	Unlimited Tax Bonds*	Road Bonds*	Park and Recreational Facilities*
Bond Authority:			
Amount Authorized by Voters	\$ 122,000,000	\$ 32,000,000	\$ 9,150,000
Amount Issued	-	-	-
Remaining To Be Issued	\$ 122,000,000	\$ 32,000,000	\$ 9,150,000

\* Includes all bonds secured with tax revenues. Bonds in this category may also be with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2023:	\$ -
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:	\$ -

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS  
SEPTEMBER 30, 2023**

	Amounts					Percent of Fund Total Revenues				
	2023	2022	2021	2020*	2019 *	2023	2022	2021	2020*	2019 *
<b>GENERAL FUND REVENUES:</b>										
Property taxes, including penalties	\$ 97,361	\$ 37,060	\$ 2,255	\$ -	\$ -	42.5%	78.7%	5.9%	-	-
Drainage fees	131,300	-	-	-	-	57.3%	-	-	-	-
Interest and other	414	24	12	10	-	0.2%	0.1%	0.1%	0.1%	-
Developer advances	-	10,000	35,700	65,000	-	-	21.2%	94.0%	99.9%	-
<b>TOTAL GENERAL FUND REVENUES</b>	<b>229,075</b>	<b>47,084</b>	<b>37,967</b>	<b>65,010</b>	<b>-</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>
<b>GENERAL FUND EXPENDITURES:</b>										
Legal fees	36,852	25,615	18,204	37,268	-	16.1%	54.4%	47.9%	57.3%	-
Engineering fees	15,709	10,467	6,500	1,999	7,521	7.0%	22.3%	17.1%	3.1%	-
Accounting fees	10,700	3,400	3,050	3,150	-	4.7%	7.2%	8.0%	4.8%	-
Audit fees	9,000	8,000	-	-	-	3.9%	17.0%	-	-	-
Financial advisor fees	980	980	980	-	-	0.4%	2.1%	2.6%	0.1%	-
Tax appraisal/collection fees	542	16	15	-	-	0.2%	-	-	-	-
Public notice	75	547	410	410	-	0.0%	1.2%	1.1%	0.6%	-
Director fees, including payroll taxes	2,235	1,938	3,552	5,975	-	1.0%	4.1%	9.4%	9.2%	-
Insurance	1,513	1,847	1,552	1,704	160	0.7%	3.9%	4.1%	2.6%	-
Other	261	11	176	720	-	0.1%	-	0.5%	1.1%	-
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>77,867</b>	<b>52,821</b>	<b>34,439</b>	<b>51,226</b>	<b>7,681</b>	<b>34.1%</b>	<b>112.2%</b>	<b>90.7%</b>	<b>78.8%</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 151,208</b>	<b>\$ (5,737)</b>	<b>\$ 3,528</b>	<b>\$ 13,784</b>	<b>\$ (7,681)</b>	<b>65.9%</b>	<b>-12.2%</b>	<b>9.3%</b>	<b>21.2%</b>	<b>-</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>					

(1) City of Georgetown, Texas to provide water and wastewater service.

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2023**

<b>Complete District Mailing Address:</b>	<u>100 Congress Ave., Suite 1300</u> <u>Austin, TX 78701</u>
<b>District Business Telephone Number:</b>	<u>(512) 435-2300</u>
<b>Submission Date of the most recent District Registration Form TWC Sections 36.054 and 49.054):</b>	<u>August 25, 2023</u>
<b>Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)</b>	<u>\$7,200</u>

<b>Name and Address:</b>	<b>Term of Office (Elected or Appointed) or Date Hired</b>	<b>Fees of Office Paid *</b>	<b>Expense Reimbursements</b>	<b>Title at Year End</b>
	<b>9/30/2023</b>	<b>9/30/2023</b>		
<i><b>Board Members:</b></i>				
<b>CALEN SHEARER</b>	(Elected) 5/2/2020 - 5/4/2024	\$ 371	\$ -	President
<b>KASEY SEWELL</b>	(Elected) 5/7/2022 - 5/2/2026	\$ 592	\$ -	Vice President
<b>RAY FREER</b>	(Elected) 5/7/2022 - 5/2/2026	\$ 371	\$ -	Secretary
<b>MICHAEL GONZALEZ</b>	(Elected) 5/2/2020 - 5/4/2024	\$ 592	\$ -	Assistant Secretary
<i><b>Former Director:</b></i>				
<b>WES WELLS</b>	(Elected) 5/7/2022 - 5/2/2026	\$ 150	\$ -	Assistant Secretary
<i><b>Consultants:</b></i>				
<b>Armbrust &amp; Brown, PLLC</b>	8/9/2019	\$ 27,733	\$ -	Attorney
<b>Jones-Heroy &amp; Associates inc.</b>	8/9/2019	\$ 15,292	\$ -	Engineer
<b>Bott &amp; Douthitt, PLLC</b>	11/15/2019	\$ 9,500	\$ -	Accountant
<b>McCall Gibson Swedlund Barfoot PLLC</b>	7/23/2021	\$ 9,000	\$ -	Auditor
<b>Public Finance Group LLC</b>	8/9/2019	\$ 980	\$ -	Financial Advisor
<b>McCall Parkhurst &amp; Horton LLP</b>	8/9/2019	\$ -	\$ -	Bond Counsel
<b>Williamson County Tax Collector</b>	2/28/2020	\$ 38	\$ -	Tax Collector

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

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**OTHER SUPPLEMENTARY  
INFORMATION**

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
OSI-1. PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2023**

Taxpayer	Type of Property	Tax Roll Year		
		2023	2022	2021
Alta Berry Creek LP	N/A	\$ 30,000,000	\$ 201	\$ -
Berry Creek (Georgetown) ASLI IX LLC	N/A	5,831,507	13,564,323	374,163
FR Berry Creek LLC	N/A	5,331,040	-	-
Ashton Austin Residential LLC	N/A	2,100,762	3,404,800	-
Weekley Homes LLC	N/A	1,735,280	64,000	-
FR Berry Hills LLC	N/A	1,222,893	-	-
Nexmetro Berry Creek Highlands LP	N/A	843,824	-	-
Homeowner	N/A	457,520	-	-
Homeowner	N/A	421,352	-	-
Homeowner	N/A	411,379	-	-
David Weekley Homes LLC	N/A	-	668,800	-
Gonzalez	N/A	-	-	3,767
Shearer	N/A	-	-	3,767
Freer	N/A	-	-	3,767
Wells	N/A	-	-	3,767
Sewell	N/A	-	-	3,767
NPRTO Texas	N/A	-	-	1,948
<b>Total</b>		<b>\$ 48,355,557</b>	<b>\$ 17,702,124</b>	<b>\$ 394,946</b>
Percent of Assessed Valuation		<b>85.0%</b>	<b>100.0%</b>	<b>5.9%</b>

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2023**

Type of Property	Tax Roll Year					
	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
Residential Single Family	\$ 3,775,967	6.6%	\$ 368,995	2.1%	\$ 199,669	3.0%
Residential Multi-Family	30,000,000	52.6%	-	-	-	-
Vacant Platted Lots	1,189,507	2.1%	5,298	-	300	-
Real Acreage	-	-	964,141	5.4%	6,347,753	94.2%
Farm and Ranch Improvements	11,696,893	20.6%	10,514,750	59.4%	188,408	2.8%
Personal Business	110,459	0.2%	-	-	1,948	-
Real Inventory	14,295,786	25.1%	8,960,105	50.6%	-	-
Exempt	1,677	-	10	-	10	-
Adjustments	<u>(4,159,436)</u>	<u>-7.2%</u>	<u>(3,111,255)</u>	<u>-17.5%</u>	<u>(10)</u>	<u>-</u>
Total	<u>\$ 56,910,853</u>	<u>100.0%</u>	<u>\$ 17,702,044</u>	<u>100.0%</u>	<u>\$ 6,738,078</u>	<u>100.0%</u>

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

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

**BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BONDS, SERIES 2024  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$5,700,000**

**AS BOND COUNSEL FOR BERRY CREEK HIGHLANDS MUNICIPAL UTILITY DISTRICT** (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on May 23, 2024 authorizing the issuance of the Bonds (the "Bond Order").

**WE HAVE EXAMINED** the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.



**THE DISTRICT** reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.

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

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

**OUR OPINIONS ARE BASED ON EXISTING LAW**, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced,



in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

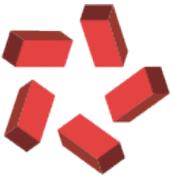
**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

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

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

**APPENDIX C**  
**Specimen Municipal Bond Insurance Policy**



**BAM**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

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

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN