

**NEW ISSUE -BOOK-ENTRY-ONLY**

*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 of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.*

*THE DISTRICT HAS DESIGNATED THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.*

**\$3,400,000**  
**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**(A Political Subdivision of the State of Texas Located in Travis County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2026**

**Dated: April 2, 2026**

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

Interest on the \$3,400,000 Briarwood Municipal Utility District Unlimited Tax Bonds, Series 2026 (the "Bonds") will accrue from the Date of Initial Delivery, defined below, and is payable September 1, 2026, 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/registrars for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds are obligations solely of Briarwood Municipal Utility District (the "District") and are not obligations of the City of Elgin, Texas; Travis County, Texas; the State of Texas; or any entity other than the District.

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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, among other things, to the approval of the initial Bond by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the District ("Bond Counsel"). Delivery of the Bonds in book-entry form is expected through the facilities of DTC on or about April 2, 2026 (the "Date of Initial Delivery"), in Austin, Texas.

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

CUSIP Prefix: 10782N

Due September	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>	Due September	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Reoffering Yield <sup>(b)</sup>	CUSIP Suffix <sup>(c)</sup>
2028	\$ 5,000	4.000%	4.000%	AA0	2032	\$ 100,000	6.000%	4.000%	AE2
2029	5,000	4.000%	4.000%	AB8	2033	* 100,000	6.000%	4.050%	AF9
2030	75,000	6.000%	4.000%	AC6	2034	* 100,000	4.000%	4.100%	AG7
2031	100,000	6.000%	4.000%	AD4	2035	* 125,000	4.000%	4.200%	AH5
\$250,000 4.250% <sup>(a)</sup> Term Bond Due September 1, 2037* Yield 4.400% <sup>(b)</sup> CUSIP Suffix AK8 <sup>(c)</sup> \$275,000 4.500% <sup>(a)</sup> Term Bond Due September 1, 2039* Yield 4.600% <sup>(b)</sup> CUSIP Suffix AM4 <sup>(c)</sup> \$300,000 4.500% <sup>(a)</sup> Term Bond Due September 1, 2041* Yield 4.650% <sup>(b)</sup> CUSIP Suffix AP7 <sup>(c)</sup> \$325,000 4.625% <sup>(a)</sup> Term Bond Due September 1, 2043* Yield 4.700% <sup>(b)</sup> CUSIP Suffix AR3 <sup>(c)</sup> \$350,000 4.750% <sup>(a)</sup> Term Bond Due September 1, 2045* Yield 4.900% <sup>(b)</sup> CUSIP Suffix AT9 <sup>(c)</sup> \$600,000 4.750% <sup>(a)</sup> Term Bond Due September 1, 2048* Yield 5.000% <sup>(b)</sup> CUSIP Suffix AW2 <sup>(c)</sup> \$690,000 4.750% <sup>(a)</sup> Term Bond Due September 1, 2051* Yield 5.050% <sup>(b)</sup> CUSIP Suffix AZ5 <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, 2033, in whole or from time to time in part, on September 1, 2032, 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 Bonds maturing September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2043, September 1, 2045, September 1, 2048, and September 1, 2051 (collectively, the "Term Bonds") are 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 4.880408%.
- (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.

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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 Hilltop Securities Inc. (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.

### **NO MUNICIPAL BOND RATING OR BOND INSURANCE**

No application has been made to a rating service or municipal bond insurance company, nor is it expected that the District would have been successful in obtaining an investment grade rating or bond insurance commitment had such applications been made.

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

## OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Investment in the Bonds is subject to certain risk factors. See “RISK FACTORS.”

### THE DISTRICT

- The District..... Briarwood 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 December 29, 2022, and confirmed pursuant to an election held within the District on May 6, 2023. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater, construct roads, and provide parks and recreational facilities. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 281.04 acres. See “THE DISTRICT – General.”
- Location ..... The District is located entirely within the city limits of the City of Elgin, Texas (“Elgin” or the “City”), and is situated in Eastern Travis County. The District is composed of two non-contiguous tracts: the Briarwood Subdivision tract and the Park Place Subdivision tract. The Briarwood Subdivision tract is located approximately 3 miles northwest of the central business district of the City and lies generally south of FM 1100 and west of County Line Road. The Park Place Subdivision tract is located approximately 3 miles west of the central business district of the City and lies south of US-290 and west of County Line Road. See “LOCATION MAP” and “THE DISTRICT - Location.”
- The Developers ..... ATX Elgin Dev, LLC, a Texas limited liability company (“ATX Elgin Dev”), is the developer of approximately 205.43 acres in the District, being developed as the Briarwood Subdivision, on which it has completed development of 436 single-family lots on approximately 80.26 acres. ATX Elgin Dev is wholly owned by SVAG Investments LLC, a Texas limited liability company (“SVAG Investments”), and SVAG Asset Management, LLC, a Texas limited liability company (“SVAG Management”). ATX Elgin Dev is a single purpose entity formed for the purpose of developing the land it owns in the District. ATX Elgin Dev is a thinly capitalized limited liability company whose assets consist primarily of the land in the District and the receivables due from the District for development costs. 18401 Elgin Holdings, LLC, a Texas limited liability company (“18401 Elgin Holdings”), a landowner and future developer within the District, owns approximately 75.61 acres within the District, proposed to be developed as the Park Place Subdivision, of which construction has not yet commenced. 18401 Elgin Holdings is wholly owned by SVAG Management. 18401 Elgin Holdings is a single purpose entity formed for the purpose of developing the land it owns in the District. 18401 Elgin Holdings is a thinly capitalized limited liability company whose assets consist primarily of the land in the District and the receivables due from the District for development costs. ATX Elgin Dev and 18401 Elgin Holdings are under common ownership and control and are collectively referred to herein as the “Developers”. The Developers from time to time do business under the trade name Ashton Gray Development. See “THE DEVELOPERS.”
- Status of Development ..... Of the approximately 281.04 acres within the District, approximately 218.18 are developable. As of January 1, 2026, approximately 80.26 acres (or 36.79% of the approximately 218.18 total developable acres within the District) have been developed with utility facilities as the single-family residential subdivision Briarwood Sections 1 and 2, encompassing a total of 436 single-family lots, which includes 98 completed homes, 27 homes under construction, and 311 vacant lots. Approximately 137.92 acres of developable land within the District have not been provided with water, wastewater, storm drainage, and detention facilities. See “THE DISTRICT – Historical and Current Status of Development.”
- Homebuilders ..... The homebuilders currently active within the District are Castlerock Communities, Chesmar Homes, DRB Homes (formerly called Brightland Homes), and Dream Finders Homes. The homes being built in the District range in price from approximately \$269,990 to \$449,990, with square footage

ranging from approximately 1,344 to 3,400. See “THE DEVELOPERS – Homebuilders within the District.”

### THE BONDS

Description.....	The \$3,400,000 Briarwood Municipal Utility District Unlimited Tax Bonds, Series 2026 (the “Bonds”) mature serially in varying amounts on September 1 of each year from 2028 through 2035, inclusive, and as Term Bonds which mature on September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2043, September 1, 2045, September 1, 2048, and September 1, 2051 (collectively, the “Term Bonds”). Interest accrues from the Date of Initial Delivery (on or about April 2, 2026) at the rates per annum set forth on the inside cover page hereof and is payable September 1, 2026, 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, 2033, in whole or from time to time in part, on September 1, 2032, 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 Bonds are 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 levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” <b>The Bonds are obligations solely of the District and are not obligations of the City of Elgin, Texas; Travis 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 – Table 6.”
Authority for Issuance.....	The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on May 6, 2023; 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: (i) creation costs; (ii) operating expenses; and (iii) water, wastewater, and drainage facilities serving Briarwood Section 1.</p> <p>The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-three (23) months’ interest requirements on the Bonds; (ii) pay developer interest; and (iii) 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 May 6, 2023, voters within the District authorized a total of \$110,500,000 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 \$107,100,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater, and drainage facilities. Additionally, at the election held in the District on May 6, 2023, the voters within the District approved the issuance of \$6,030,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$34,850,000 in aggregate principal amount of new money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$174,795,000 for water, wastewater, drainage and park and recreation bonds, and \$52,275,000 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.”

No Municipal Bond Rating or Bond Insurance .....	In connection with the sale of the Bonds, the District has not applied for a rating or a municipal bond insurance commitment on the Bonds, nor is it expected that an investment grade rating or a municipal bond insurance commitment would have been received had applications been made.
Tax Exemption .....	In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal tax purposes under existing law, subject to matters described in “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.
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 2026 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.
District Engineer .....	BGE, 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.

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

**SELECTED FINANCIAL INFORMATION**  
(Unaudited)

2025 Certified Assessed Valuation	\$	29,087,397 <sup>(a)</sup>
Estimated Assessed Valuation as of September 1, 2025	\$	43,528,673 <sup>(b)</sup>
Gross Debt Outstanding (after issuance of the Bonds)	\$	3,400,000 <sup>(c)</sup>
Ratio of Gross Debt to 2025 Certified Assessed Valuation		11.69%
Ratio of Gross Debt to Estimated Assessed Valuation as of September 1, 2025		7.81%
2025 Tax Rate		
Debt Service	\$	-
Maintenance		<u>0.5600</u>
<b>Total 2025 Tax Rate</b>	<b>\$</b>	<b><u>0.5600</u></b> <sup>(d)</sup>
Debt Service Fund Balance (after the issuance of the Bonds)	\$	323,000 <sup>(e)</sup>
Percentage of current tax collections - Tax Year 2024		100.00% <sup>(f)</sup>
Percentage of total tax collections - Tax Years (2023-2024)		100.00% <sup>(f)</sup>
Average Annual Debt Service Requirement of the Bonds ("Average Requirement") (2027-2051, inclusive)	\$	240,341
Tax Rate required to pay Average Requirement based upon 2025 Certified Assessed Valuation at 95% collections	\$	0.87 /\$100 AV
Tax Rate required to pay Average Requirement based upon Estimated Assessed Valuation as of September 1, 2025 at 95% collections	\$	0.59 /\$100 AV
Maximum Annual Debt Service Requirement of the Bonds ("Maximum Requirement") (2039)	\$	263,181
Tax Rate required to pay Maximum Requirement based upon 2025 Certified Assessed Valuation at 95% collections	\$	0.96 /\$100 AV
Tax Rate required to pay Maximum Requirement based upon Estimated Assessed Valuation as of September 1, 2025 at 95% collections	\$	0.64 /\$100 AV
Number of connections as of February 1, 2026		
Single Family - complete		98
Single Family - builder		<u>27</u>
<b>Total Number of Connections</b>		<b>125</b>
Estimated Population as of February 1, 2026		294 <sup>(g)</sup>

- (a) The certified assessed valuation as of January 1, 2025, as provided by Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."
- (b) The estimated assessed valuation as of September 1, 2025, as provided by TCAD, is included solely for purposes of illustration. Taxes are levied on value as certified by TCAD as of January 1 of each year. Consequently, this estimate will not be used to produce the tax revenue for the District. See "TAXING PROCEDURES."
- (c) The Bonds.
- (d) The District levied a 2025 maintenance only tax rate of \$0.5600 at its meeting in September 2025. The District intends to levy a maintenance and debt service tax rate for the 2026 tax year. See "TAXING PROCEDURES."
- (e) Represents approximately twenty-three (23) months of capitalized interest 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) Based upon 3.0 residents per completed and occupied single-family home.

**OFFICIAL STATEMENT**  
**relating to**  
**\$3,400,000**  
**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**(A Political Subdivision of the State of Texas Located in Travis County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2026**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by Briarwood Municipal Utility District (the “District”), a political subdivision of the State of Texas (the “State”), of its \$3,400,000 Unlimited Tax Bonds, Series 2026 (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 May 6, 2023; 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 Developers (defined herein), 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, P.O. Box 81849, Austin, Texas, 78708, 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 (on or about April 2, 2026) 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, 2026, 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, 2033, in whole or from time to time in part, on September 1, 2032, 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, 2037, September 1, 2039, September 1, 2041, September 1, 2043, September 1, 2045, September 1, 2048, and September 1, 2051 (collectively, the “Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

<b>\$250,000 Term Bond Maturing September 1, 2037</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2036	\$ 125,000
2037*	125,000

<b>\$275,000 Term Bond Maturing September 1, 2039</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2038	\$ 125,000
2039*	150,000

<b>\$300,000 Term Bond Maturing September 1, 2041</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2040	\$ 150,000
2041*	150,000

<b>\$325,000 Term Bond Maturing September 1, 2043</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2042	\$ 150,000
2043*	175,000

<b>\$350,000 Term Bond Maturing September 1, 2045</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2044	\$ 175,000
2045*	175,000

<b>\$600,000 Term Bond Maturing September 1, 2048</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2046	\$ 200,000
2047	\$ 200,000
2048*	200,000

<b>\$690,000 Term Bond Maturing September 1, 2051</b>	
Mandatory	
Redemption	Principal
<u>Date</u>	<u>Amount</u>
2049	\$ 225,000
2050	\$ 225,000
2051*	240,000

\*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 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 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 or sinking fund installment 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 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 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 the 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 is 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>) calendar day of the month (whether or not a business day) preceding each interest payment date (the “Record Date”) and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

### **Authority for Issuance**

At an election held within the District on May 6, 2023, voters within the District authorized a total of \$110,500,000 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 \$107,100,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater, and drainage facilities. Additionally, at the election held in the District on May 6, 2023, the voters within the District approved the issuance of \$6,030,000 in aggregate principal amount of new money bonds for the acquisition and construction of parks and recreational facilities, \$34,850,000 in aggregate principal amount of new

money bonds for the construction of roads, and the issuance of refunding bonds in an amount of \$174,795,000 for water, wastewater, drainage and park and recreation bonds, and \$52,275,000 for road bonds, all of which remains authorized but unissued.

The Bonds are issued pursuant to the election held on May 6, 2023, the terms and provisions of the Bond Order, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of the TCEQ.

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

The Bonds will be payable from and secured by a pledge of the proceeds of 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, 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 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 Elgin, Texas (the "City") 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; Travis County, Texas ("Travis County"); the State; 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 – Table 6."

### **Flow of Funds**

The Bond Order creates 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 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 with respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and 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 to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds, and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater, and drainage facilities as approved by TCEQ, then in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

## **Paying Agent/Registrar**

Principal of and semiannual interest on the Bonds will be paid by the initial Paying Agent/Registrar, UMB Bank, N.A., having an office for payment in Austin, Texas. Any Paying Agent must be either a bank, trust company, financial institution, or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

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

## **Defeasance of Outstanding Bonds**

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

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

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

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

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

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

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

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

#### **Record Date**

The Record Date for payment of the interest on the Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

#### **Issuance of Additional Debt**

The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ, if applicable, and, in the case of bonds payable from taxes, the District's voters. See "THE BONDS – Authority for Issuance" for details regarding authorized but unissued Bonds of the District. 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) ("PFIA"), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "NO MUNICIPAL BOND RATING OR BOND INSURANCE."

The Bonds are not rated, and the District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations, or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to 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 registered owners 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, registered owners 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 registered owners 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 Elgin. 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 Development and Consent Agreement (defined herein) have been satisfied. Under the Development and Consent Agreement, the City agreed not to dissolve the District, in whole or in part, until: (1) at least 100% by dollar amount of the total water, wastewater, drainage, road, and park and recreational facilities for which the District's bonds have been authorized have been constructed; and (2) the Developers have been fully reimbursed by the District for the those facilities in accordance with the rules of the TCEQ. See "THE DISTRICT – Development and 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 City. 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 January 22, 2026 (the "TCEQ Order").

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 quality of the Bonds as an investment, nor do they 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 DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable but takes no responsibility for the accuracy or completeness thereof.*

*The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely*

*basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission (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: (i) creation costs; (ii) operating expenses; and (iii) water, wastewater, and drainage facilities serving Briarwood Section 1. The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-three (23) months' interest requirements on the Bonds; (ii) pay developer interest; and (iii) 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, \$1,892,345 is required for construction costs, and \$1,507,655 is required for non-construction costs, including \$323,000 of capitalized interest.

### Construction Costs

#### A. Developer Contribution Items

1. Briarwood Section 1 - W, WW, D	\$	1,032,889
2. Construction Materials Testing (Item 1)		78,401
3. Engineering (Item 1)		545,850
4. SWPPP (Item 1)		1,200
5. Permitting Fees (Item 1)		234,005

<b>Total Developer Contribution Items</b>	<b>\$</b>	<b>1,892,345</b>
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#### B. District Items

N/A		-
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<b>Total District Items</b>	<b>\$</b>	<b>-</b>
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<b>Total Construction Costs</b>	<b>\$</b>	<b>1,892,345</b>
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### Non-Construction Costs

A. Legal Fees (3.0%)	\$	102,000
B. Fiscal Agent Fees (2.5%)		85,000
C. Interest		
1. Capitalized Interest (approximately 23 months @ 4.880408%)		323,000
2. Developer Interest <sup>(a)</sup>		309,959
D. Bond Discount (3%)		102,000
E. Bond Issuance Expenses		45,879
F. Bond Application Report Costs		55,000
G. Creation Expenses		262,917
H. Operating Expenses		210,000
I. Attorney General Fee (0.10%)		3,400
J. TCEQ Bond Issuance Fee (0.25%)		8,500

<b>Total Non-Construction Costs</b>	<b>\$</b>	<b>1,507,655</b>
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<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$</b>	<b><u>3,400,000</u></b>
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(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 (the "Reimbursement Report").

## RISK FACTORS

### General

The Bonds, which are obligations of the District and are not obligations of the City; Travis County; the State; 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 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 numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional 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 the 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 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 2025 Certified Assessed Valuation of the District is \$29,087,397. After issuance of the Bonds, the Maximum Requirement will be \$263,181 (2039) and the Average Requirement will be \$240,341 (2027 through 2051, inclusive). Assuming (1) no increase or decrease from the 2025 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 \$0.96 and \$0.87 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 Estimated Assessed Valuation as of September 1, 2025, is \$43,528,673. Based upon the assumptions above, tax rates of \$0.64 and \$0.59 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, comprised of the Developers and homebuilders, represented \$23,129,633 or 79.52% of the District's 2025 Certified Taxable Assessed Valuation of \$29,087,397, and 53.14% of the Estimated Assessed Valuation as of September 1, 2025 of \$43,528,673. If the Developers (or other principal taxpayers) were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collections and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers – Table 12," and "TAXING PROCEDURES – Levy and Collection of Taxes."

*Undeveloped Acreage . . .* Approximately 137.92 acres of developable land within the District had not been provided with water, wastewater, storm drainage, and detention facilities as of January 1, 2026. 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.

*Development and Home Construction in the District . . .* As of January 1, 2026, approximately 311 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.

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

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

### **Increase in Costs of Building Materials and Labor Shortages**

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of developers or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State's workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of a developer.

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

The District could be impacted by a natural disaster such as widespread fires, earthquakes, or weather events such as hurricanes, tornadoes, 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. See "TAXING PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster."

There can be no assurance that a casualty will be covered by insurance (certain casualties, including floods, 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.

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

### **Registered Owners' Remedies**

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

### **Cybersecurity**

The District's consultants use digital technologies to collect taxes, hold funds, and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

### **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 owners' claims 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 that (i) 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 FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

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

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

### **Future Debt**

As of January 1, 2026, approximately 80.26 acres of land within the District had been developed with utility facilities by ATX Elgin Dev. According to BGE, Inc., ATX Elgin Dev has advanced approximately \$10,316,478 in reimbursable construction costs, of which approximately \$8,424,133 will remain owing after the issuance of the Bonds.

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

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

## **Governmental Approval**

As required by law, engineering plans, specifications, and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed on January 22, 2026. 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, which 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.

## **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.

## **Drought Conditions**

Central Texas, like other areas of the State, is susceptible to drought conditions. The City provides water to the District in amounts sufficient to service the residents of the District; however, if drought conditions occur, 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 Precipitation-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 the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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.”

## **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.* Air quality control measures required by the United States Environmental Protection Agency ("EPA") and the TCEQ may impact new industrial, commercial, and residential development in the Austin-Round Rock Area. The Federal Clean Air Act ("CAA") requires the EPA to adopt and periodically revise national ambient air quality standards ("NAAQS") for each of the six regulated air pollutants that may reasonably be anticipated to endanger public health or welfare: ground-level ozone, lead, carbon monoxide, sulfur dioxide, nitrogen dioxide, and particulate matter.

When a pollutant concentration in an area exceeds the NAAQS for a given pollutant, the area 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. The Austin-Round Rock area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin-Round Rock Area"), was designated "attainment" on April 30, 2004, which became effective on June 15, 2004. In 2008, the EPA lowered the ozone standard from 80 ppb to 75 ppb (the "2008 Ozone Standard"). The Austin-Round Rock Area was designated as "attainment/unclassifiable" under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard from 75 ppb to 70 ppb (the "2015 Ozone Standard"). On November 16, 2017, the EPA designated the Austin-Round Rock Area as "attainment/unclassifiable" under the 2015 Ozone Standard, which became effective on January 16, 2018.

Although the Austin-Round Rock Area is currently designated an attainment/unclassifiable area, the Austin-Round Rock Area has been and continues to be near the non-attainment thresholds for the ozone standard. Accordingly, it is possible that the Austin-Round Rock Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. Specifically, should the Austin-Round Rock Area fail to achieve attainment/unclassifiable designation under EPA NAAQS, or should the Austin-Round Rock 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-Round Rock Area may be subjected to serious repercussions pursuant to the CAA, including stricter emissions control requirements, mandatory sanctions, and a required Federal Implementation Plan (FIP) improved by the EPA. 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-Round Rock Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin-Round Rock Area in the future is uncertain.

In the past, the Austin-Round Rock Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. The Austin-Round Rock Area participated in the Capital Area Council of Governments ("CAPCOG") Ozone Advance Program ("OAP") as part of a voluntary regional 2019-2023 air quality plan focused on reducing ozone to keep the Austin-Round Rock Area in attainment with federal air quality standards. On February 7, 2024, the EPA announced a final rule to revise the primary annual PM<sub>2.5</sub> (particulate matter) standard from its current level of 12.0  $\mu\text{g}/\text{m}^3$  to 9.0  $\mu\text{g}/\text{m}^3$ . The EPA will likely designate non-attainment areas in early 2026. The non-attainment areas will have to come into compliance by 2032.

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established

under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), 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.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary 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 in order to comply with the MS4 Permit.

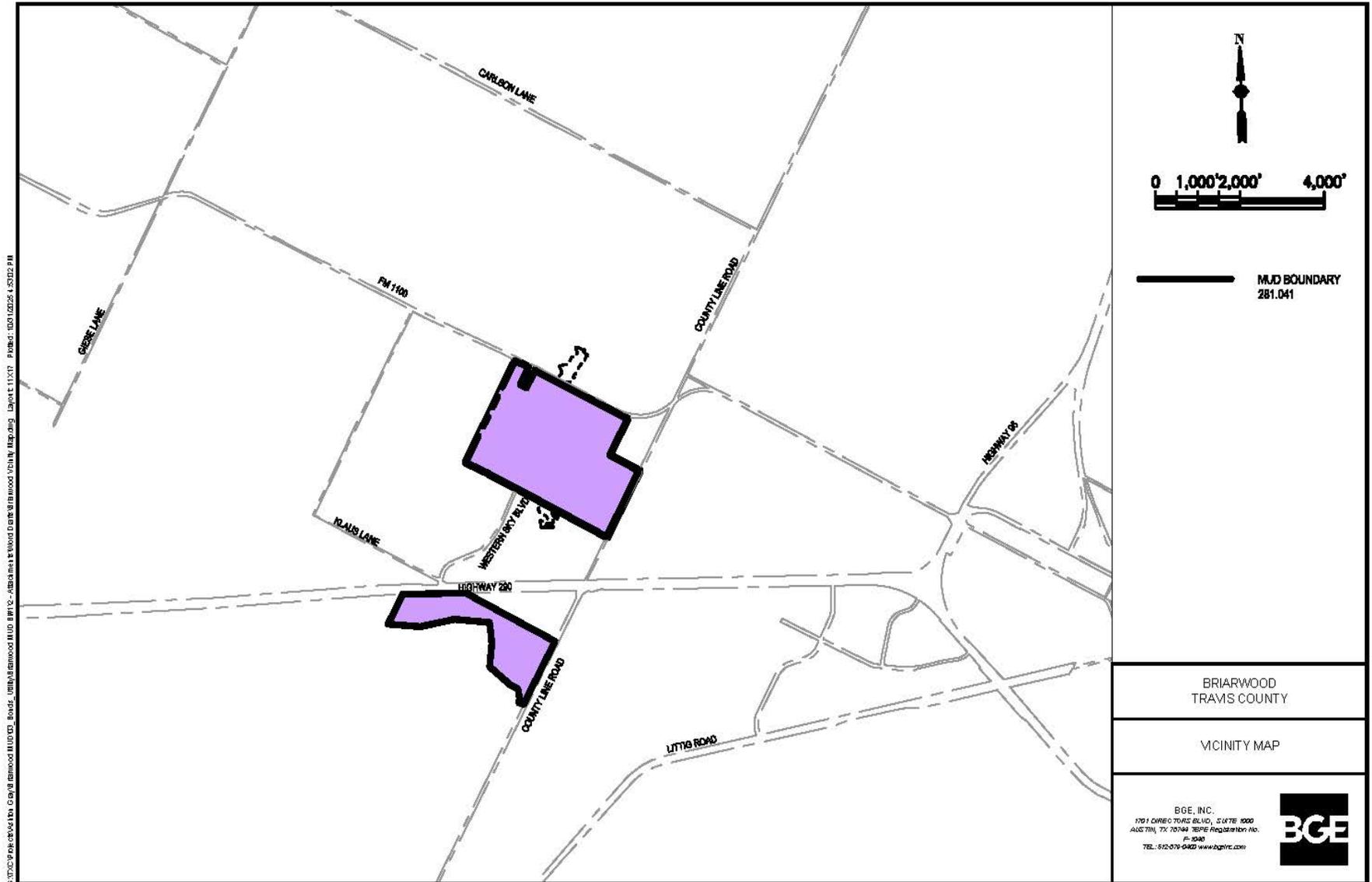
Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must also obtain a permit from the United States Army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

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

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

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# LOCATION MAP



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## THE DISTRICT

### General

The District was created by order of the TCEQ, effective December 29, 2022, and confirmed pursuant to an election held within the District on May 6, 2023, 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 was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater, provide roads, and provide park and recreational facilities.

At the time of creation, the District contained approximately 205.43 acres of land. Since the creation of the District, the District annexed one tract of land consisting of 75.61 acres, by order dated March 6, 2024, resulting in the District's current acreage of approximately 281.04 acres.

### Management

#### *Board of Directors*

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Brent Cooke	President	2026	3 Years
Jonathan Paul Fleming	Vice-President	2026	3 Years
Stephen Rye	Secretary	2028	3 Years
Melanie Wells	Assistant Secretary	2026	3 Years
Will Rollo	Assistant Secretary	2028	2 ½ Years

#### *Consultants*

##### *Tax Assessor/Collector*

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

##### *Bookkeeper*

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

##### *Engineer*

The District's consulting engineer is BGE, Inc. (the "Engineer"). Such firm serves as consulting engineer to approximately 140 special districts.

##### *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 ("Bond Counsel") and Disclosure Counsel ("Disclosure Counsel") in connection with the issuance of the District's Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

*General Counsel*

The District employs 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 Elgin and is situated in Eastern Travis County. The District is composed of two non-contiguous tracts: the Briarwood Subdivision tract and the Park Place Subdivision tract. The Briarwood Subdivision tract is located approximately 3 miles northwest of the central business district of the City and lies generally south of FM 1100 and west of County Line Road. Major access to the subdivision is provided by County Line Road to Briar Brush Lane. The Park Place Subdivision tract is located approximately 3 miles west of the central business district of the City and lies south of US-290 and west of County Line Road. Major access to the development will be provided by US-290.

**Historical and Current Status of Development**

On June 7, 2022, ATX Elgin Dev, LLC, a Texas limited liability company (“ATX Elgin Dev”), as the owner of approximately 205.43 acres of land (comprised of the original acreage of land within the District to be developed as the Briarwood Subdivision), the City, and the District entered into the Development and Consent Agreement (the “Original Development and Consent Agreement”). On March 6, 2024, approximately 75.61 acres of land, owned by 18401 Elgin Holdings, LLC, a Texas limited liability company (“18401 Eglin Holdings”), was annexed into the District, projected to be developed as the Park Place Subdivision. See “THE DEVELOPERS.” Upon annexation of this tract, an amendment to the Original Development and Consent Agreement was entered into between the City, 18401 Eglin Holdings, ATX Elgin Dev, and the District, adding the approximately 75.61-acre tract to the terms of the Original Development and Consent Agreement (as amended, the “Development and Consent Agreement”).

Construction of utility facilities to serve property within the District commenced in 2023. Of the approximately 281.04 acres within the District, approximately 218.18 are developable. As of January 1, 2026, approximately 80.26 acres (or 36.79% of the approximately 218.18 total developable acres within the District) have been developed with utility facilities by ATX Elgin Dev as the single-family residential subdivision Briarwood Sections 1 and 2, encompassing a total of 436 single-family lots, which includes 98 completed homes, 27 homes under construction, and 311 vacant lots. Approximately 137.92 acres of developable land within the District have not been provided with water, wastewater, storm drainage, and detention facilities.

The following chart reflects the status of development as of January 1, 2026:

	Net Acreage	Platted Lots	Single-Family Homes		Vacant Developed Lots
			Completed	Under Construction	
<b>A. Developed with Utility Facilities</b>					
Briarwood Section 1	43.73	224	98	15	111
Briarwood Section 2	36.53	212	-	12	200
<b>Total Developed with Utilities</b>	<b>80.26</b>	<b>436</b>	<b>98</b>	<b>27</b>	<b>311</b>
<b>B. Remaining Developable Acreage</b>	<b>137.92</b>				
<b>C. Undevelopable Acreage</b>					
Floodplain Acreage	30.25				
Parks/Open Space	32.61				
<b>Total Undevelopable</b>	<b>62.86</b>				
<b>Total District Acreage</b>	<b>281.04</b>				

**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 \$107,100,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued pursuant to the bond election held on May 6, 2023, is sufficient to reimburse the Developers for the existing utility facilities and provide utility services to the remaining undeveloped but developable acres within the District. See "THE BONDS – Issuance of Additional Debt." The Developers are under no obligation to complete any development, if begun, and may modify or discontinue development plans in their sole discretion. Accordingly, the District makes no representation that future development will occur.

## **THE DEVELOPERS**

### **General**

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 Developers**

ATX Elgin Dev is the developer of approximately 205.43 acres in the District, being developed as the Briarwood Subdivision, on which it has completed development of 436 single-family lots on approximately 80.26 acres. ATX Elgin Dev is wholly owned by SVAG Investments LLC, a Texas limited liability company ("SVAG Investments"), and SVAG Asset Management, LLC, a Texas limited liability company ("SVAG Management"). ATX Elgin Dev is a single purpose entity formed for the purpose of developing the land it owns in the District. ATX Elgin Dev is a thinly capitalized limited liability company whose assets consist primarily of the land in the District and the receivables due from the District for development costs.

18401 Elgin Holdings, a landowner and future developer within the District, owns approximately 75.61 acres within the District, proposed to be developed as the Park Place Subdivision, of which construction has not yet commenced. 18401 Elgin Holdings is wholly owned by SVAG Management. 18401 Elgin Holdings is a single purpose entity formed for the purpose of developing the land it owns in the District. 18401 Elgin Holdings is a thinly capitalized limited liability company whose assets consist primarily of the land in the District and the receivables due from the District for development costs.

ATX Elgin Dev and 18401 Elgin Holdings are under common ownership and control and are collectively referred to herein as the "Developers". The Developers from time to time do business under the trade name Ashton Gray Development. See "THE DEVELOPERS – Developer Financing."

### **Developer Financing**

The Developers have obtained financing for a portion of the development of the District through the Texas Infrastructure Program (the "TIP"). The TIP issued \$17,457,507 Tax-Exempt Revenue Anticipation Capital Appreciation Bonds, Series 2025 (the "TIP Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the Bonds and the future sale of unlimited tax bonds issued by the District. According to the Developers, they are currently in compliance with all material representations and certifications made with respect to the TIP Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS– Governmental Approval."

### **Homebuilders within the District**

The homebuilders currently active within the District are Castlerock Communities, Chesmar Homes, DRB Homes (formerly called Brightland Homes), and Dream Finders Homes. The homes being built in the District range in price from approximately \$269,990 to \$449,990, with square footage ranging from approximately 1,344 to 3,400.

## **Utility Construction Agreement**

The District has entered into Utility Construction Agreements with each of the Developers, covering all of the land within the District. These agreements govern the development of water, wastewater, and drainage facilities, roads, and park and recreational 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.

## **Development and Consent Agreement with the City**

On June 7, 2022, ATX Elgin Dev, the District, and the City entered into the Original Development and Consent Agreement. On March 6, 2024, approximately 75.61 acres of land, owned by 18401 Elgin Holdings, was annexed into the District. Upon annexation of this tract, an amendment to Original Development and Consent Agreement was entered into between the City, 18401 Elgin Holdings, ATX Elgin Dev, and the District, adding the approximately 75.61-acre tract to the terms of the Original Development and Consent Agreement (as amended, the “Development and Consent Agreement”).

The Development and Consent Agreement, as amended, authorizes the District to issue bonds and notes, including bond anticipation notes or refunding unlimited tax bonds, for any purpose not specifically prohibited by law, the Development and Consent Agreement, or rules and policies of the TCEQ.

Under the Development and Consent Agreement, the City agreed not to dissolve the District, in whole or in part, until: (1) at least 100% by dollar amount of the total water, wastewater, drainage, road, and park and recreational facilities for which the District’s bonds have been authorized have been constructed; and (2) the Developers have been fully reimbursed by the District for the those facilities in accordance with the rules of the TCEQ.

The Development and Consent Agreement has a term of twenty (20) years from the effective date and will automatically renew for a term of fifteen (15) additional years, and then automatically renew for a term of ten (10) additional years, so long as neither party to the agreement is in material default under the agreement.

## **Agricultural Waiver**

The remaining 137.92 acres of undeveloped land within the District is currently subject to an open space exemption. The District makes no representation that any future development of this acreage will occur. See “TAXING PROCEDURES – Property Subject to Taxation by the District.”

## **THE SYSTEM**

### **Regulation**

The District’s water, wastewater, and storm drainage facilities (the “System”) 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 and the City of Elgin. According to the Engineer, the design of all such facilities has been approved by all governmental agencies that have approval over the District.

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

### **Water Supply and Distribution**

Pursuant to the Development and Consent Agreement, the City has agreed to provide a retail water service commitment of 1,100 Living Equivalent Units (“LUEs”) to the Briarwood tract, which is sufficient to serve the existing development within the District, and the expected build out of the Briarwood tract.

### **Wastewater Collection and Treatment**

Pursuant to the Development and Consent Agreement, the City has agreed to provide a retail wastewater treatment service commitment of 1,100 LUEs to the District, which is sufficient to serve the existing development within the District, and the expected build out of the Briarwood tract.

### **Drainage System**

The storm drainage system that serves the District consists of curb and guttered streets, storm sewers, and detention ponds, which outfall into Elm Creek, and ultimately to the Colorado River system.

## 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, no portions of the District are currently located in the 100-year floodplain as shown in the Federal Emergency Management Agency Flood Insurance Rate Map No. 48453C0510H for Travis County, Texas, dated September 26, 2008.

In 2018, the National Weather Service completed a rainfall study known as 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 the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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.

## Water and Wastewater Operations - Rates and Fees - Table 1

Elgin 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 Elgin for retail water and wastewater services are published and updated from time to time by Elgin on its official website. Please refer to Elgin’s official websites for current rates and fees. **The rates and charges established by Elgin 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.**

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

The following statement sets forth in condensed form the historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. This 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.”

	Fiscal Year End		
	9/30/2025 <sup>(a)</sup>	9/30/2024 <sup>(a)</sup>	9/30/2023 <sup>(b)</sup>
<b>REVENUES</b>			
Property taxes, including penalties	\$ 55,750	\$ 317	\$ -
Interest and Other	-	1	-
Developer Advances	<u>160,000</u>	<u>90,000</u>	<u>49,937</u>
<b>TOTAL REVENUES</b>	<b>\$ 215,750</b>	<b>\$ 90,318</b>	<b>\$ 49,937</b>
<b>EXPENDITURES</b>			
Repairs/maintenance	\$ 9,790	\$ -	\$ -
Legal fees	57,017	73,505	40,177
Engineering fees	51,537	14,328	3,969
Accounting fees	10,129	6,937	4,658
Audit fees	10,000	-	-
Financial Advisor Fees	2,600	1,060	-
Tax Appraisal/Collection fees	845	7	-
Public Notice	325	497	754
Director fees, including payroll fees	4,282	4,758	4,164
Insurance	3,497	3,337	1,588
Other	228	1,800	12,382
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 150,250</b>	<b>\$ 106,229</b>	<b>\$ 67,692</b>
<b>TOTAL REVENUE OVER/UNDER EXPENDITURES</b>	<b>\$ 65,500</b>	<b>\$ (15,911)</b>	<b>\$ (17,755)</b>
<b>Beginning Fund Balance</b>	<b>\$ (33,666)</b>	<b>\$ (17,755)</b>	<b>\$ -</b>
<b>Plus / (Less): Fund Transfer</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Fund Balance</b>	<b>\$ 31,834</b>	<b>\$ (33,666)</b>	<b>\$ (17,755)</b>

(a) Audited.

(b) Unaudited. The District’s initial audit was performed for fiscal year ended September 30, 2024.

**DEBT SERVICE REQUIREMENTS – TABLE 3**

**Briarwood Municipal Utility District**

**\$3,400,000**

**Unlimited Tax Bonds, Series 2026**

**Dated Date: April 2, 2026**

**First Interest Payment Due: September 1, 2026**

Year Ending 31-Dec	The Bonds				Principal and Interest	Total Debt Service Requirements
	Principal (Due 9/01)	(Due 3/01)	Interest (Due 9/01)	Total		
2026	\$ -	\$ -	\$ 66,773	\$ 66,773	\$ 66,773	\$ 66,773
2027	-	80,666	80,666	161,331	161,331	161,331
2028	5,000	80,666	80,666	161,331	166,331	166,331
2029	5,000	80,566	80,566	161,131	166,131	166,131
2030	75,000	80,466	80,466	160,931	235,931	235,931
2031	100,000	78,216	78,216	156,431	256,431	256,431
2032	100,000	75,216	75,216	150,431	250,431	250,431
2033	100,000	72,216	72,216	144,431	244,431	244,431
2034	100,000	69,216	69,216	138,431	238,431	238,431
2035	125,000	67,216	67,216	134,431	259,431	259,431
2036	125,000	64,716	64,716	129,431	254,431	254,431
2037	125,000	62,059	62,059	124,119	249,119	249,119
2038	125,000	59,403	59,403	118,806	243,806	243,806
2039	150,000	56,591	56,591	113,181	263,181	263,181
2040	150,000	53,216	53,216	106,431	256,431	256,431
2041	150,000	49,841	49,841	99,681	249,681	249,681
2042	150,000	46,466	46,466	92,931	242,931	242,931
2043	175,000	42,997	42,997	85,994	260,994	260,994
2044	175,000	38,950	38,950	77,900	252,900	252,900
2045	175,000	34,794	34,794	69,588	244,588	244,588
2046	200,000	30,638	30,638	61,275	261,275	261,275
2047	200,000	25,888	25,888	51,775	251,775	251,775
2048	200,000	21,138	21,138	42,275	242,275	242,275
2049	225,000	16,388	16,388	32,775	257,775	257,775
2050	225,000	11,044	11,044	22,088	247,088	247,088
2051	240,000	5,700	5,700	11,400	251,400	251,400
	<b><u>\$ 3,400,000</u></b>	<b><u>\$ 1,304,266</u></b>	<b><u>\$ 1,371,039</u></b>	<b><u>\$ 2,675,305</u></b>	<b><u>\$ 6,075,305</u></b>	<b><u>\$ 6,075,305</u></b>

**FINANCIAL STATEMENT  
(Unaudited)**

**Assessed Value – Table 4**

2025 Certified Assessed Valuation	\$	29,087,397 <sup>(a)</sup>
Estimated Assessed Valuation as of September 1, 2025	\$	43,528,673 <sup>(b)</sup>
Gross Debt Outstanding (after issuance of the Bonds)	\$	3,400,000 <sup>(c)</sup>
Ratio of Gross Debt to 2025 Certified Assessed Valuation		11.69%
Ratio of Gross Debt to Estimated Assessed Valuation as of September 1, 2025		7.81%
2025 Tax Rate		
Debt Service	\$	-
Maintenance	<u>0.5600</u>	
<b>Total 2025 Tax Rate</b>	<u>\$</u>	<u>0.5600</u> <sup>(d)</sup>
Debt Service Fund Balance (after the issuance of the Bonds)	\$	323,000 <sup>(e)</sup>

- (a) The certified assessed valuation as of January 1, 2025, as provided by TCAD. See “TAXING PROCEDURES.”
- (b) The estimated assessed valuation as of September 1, 2025, as provided by TCAD, is included solely for purposes of illustration. Taxes are levied on value as certified by TCAD as of January 1 of each year. Consequently, this estimate will not be used to produce the tax revenue for the District. See “TAXING PROCEDURES.”
- (c) The Bonds.
- (d) The District levied a 2025 maintenance only tax rate of \$0.5600 at its meeting in September 2025. The District intends to levy a maintenance and debt service tax rate for the 2026 tax year. See “TAXING PROCEDURES.”
- (e) Represents approximately twenty-three months of capitalized interest 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
5/6/2023	Water, Wastewater, and Drainage	\$ 110,500,000	\$ 3,400,000 <sup>(a)</sup>	\$ 107,100,000
5/6/2023	Parks and Recreation Facilities	6,030,000	-	6,030,000
5/6/2023	Water, Wastewater, Drainage, and Parks and Recreation Refunding	174,795,000	-	174,795,000
5/6/2023	Roads	34,850,000	-	34,850,000
5/6/2023	Roads Refunding	<u>52,275,000</u>	<u>-</u>	<u>52,275,000</u>
<b>Total</b>		<b>\$ 378,450,000</b>	<b>\$ 3,400,000</b>	<b>\$ 375,050,000</b>

- (a) The Bonds.

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

**Outstanding Bonds - Table 6**

<b>Dated Date</b>	<b>Purpose</b>	<b>Original Series</b>	<b>Original Principal Amount</b>	<b>Principal Amount Outstanding after the Issuance of the Bonds</b>
<b>A. New Money Bonds</b>				
4/2/2026	Water, Sanitary Sewer, & Drainage	2026	\$ 3,400,000	\$ 3,400,000 <sup>(a)</sup>
	Total		<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>

(a) The Bonds.

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

General Fund	\$ 40,197
Debt Service Fund	323,000 <sup>(b)</sup>

(a) Unaudited as of January 23, 2026.

(b) Represents approximately twenty-three (23) 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 are 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 that 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 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 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**

	<b>Investment Value as of January 23, 2026</b>
Cash	\$ 40,197
<b>Total Investments</b>	<b>\$ 40,197</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<sup>(a)</sup></b>	<b>Net Debt</b>		<b>% of Overlapping Net Debt</b>	<b>Amount of Overlapping Net Debt</b>
	<b>Amount</b>	<b>As of</b>		
Travis County	1,169,850,000	2/28/2026	0.01%	103,044
Travis County Healthcare District	406,525,000	2/28/2026	0.01%	36,220
Austin Community College	657,685,000	2/28/2026	0.01%	46,088
Bastrop-Travis Counties ESD No. 1	-	2/28/2026	0.00%	-
City of Elgin	49,540,000	2/28/2026	1.96%	969,774
Elgin Independent School District	326,325,000	2/28/2026	0.90%	<u>2,943,230</u>
<b>TOTAL ESTIMATED OVERLAPPING NET DEBT</b>				<b>\$ 4,098,356</b>
The District <sup>(b)</sup>	\$ 3,400,000	4/2/2026	100.00%	<u>\$ 3,400,000</u>
<b>TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT</b>				<b><u>\$ 7,498,356</u></b>
<b>Ratio of Estimated and Overlapping Debt to 2025 Certified Assessed Valuation</b>				<b>25.78%</b>
<b>Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of September 1, 2025</b>				<b>17.23%</b>

(a) Taxing jurisdictions.

(b) The Bonds.

**Overlapping Taxes for 2025**

Overlapping Entity	2025 Tax Rate Per	
	\$100 Assessed Valuation Travis County	Average Tax Bill <sup>(a)</sup> Travis County
Travis County	\$0.375845	\$ 832
Travis County Healthcare District	0.118023	261
Austin Community College	0.103400	229
Bastrop-Travis Counties ESD No. 1	0.100000	221
City of Elgin	0.619300	1,371
Elgin Independent School District	1.223400	2,709
The District	<u>0.560000</u>	<u>1,240</u>
<b>Total</b>	<b>\$3.09997</b>	<b>\$ 6,864</b>

(a) Based upon the 2025 average taxable single-family home value of \$221,421 as provided by TCAD.

**TAX DATA**

**Classification of Assessed Valuation - Table 9**

Type Property	2025 <sup>(a)</sup>		2024 <sup>(a)</sup>		2023 <sup>(a)</sup>	
	Amount	%	Amount	%	Amount	%
Residential Single Family	\$ 3,393,897	11.67%	\$ -	0.00%	\$ -	0.00%
Vacant Platted Lots	7,793,575	26.79%	2,241,200	23.35%	-	0.00%
Qualified Open-Space Land	-	0.00%	5,641,200	58.76%	7,234,395	12780.26%
Rural Land	12,977,752	44.62%	7,336,552	76.42%	-	0.00%
Commercial Personal Property	173,975	0.60%	-	0.00%	-	0.00%
Residential Inventory	4,771,640	16.40%	-	0.00%	-	0.00%
Totally Exempt Property	-	0.00%	-	0.00%	-	0.00%
Less: Adjustments	<u>(23,442)</u>	<u>-0.08%</u>	<u>(5,618,962)</u>	<u>-58.53%</u>	<u>(7,177,789)</u>	<u>-12680.26%</u>
<b>Total</b>	<b>\$ 29,087,397</b>	<b>100.00%</b>	<b>\$ 9,599,990</b>	<b>100.00%</b>	<b>\$ 56,606</b>	<b>100.00%</b>

(a) Assessed Valuation reflects the adjusted value as of 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.

Tax Year	Assessed Valuation (a)	Tax Rate	Tax Levy	Total Collections		Year Ending
				Amount	%	
2023	\$ 56,606	0.5600	\$ 317	\$ 317	100.00%	9/30/2024 <sup>(b)</sup>
2024	9,599,990	0.5600	53,760	53,760	100.00%	9/30/2025 <sup>(b)</sup>
2025	29,087,397	0.5600	162,868	<i>In Process of Collection</i>		9/30/2026 <sup>(c)</sup>

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

(b) Audited

(c) Taxes were due with no penalty by January 31, 2026.

**District Tax Rates - Table 11**

	Tax Rate per \$100 Assessed Valuation		
	2025	2024	2023
Debt Service	\$ -	\$ -	\$ -
Maintenance	0.5600	0.5600	0.5600
<b>Total</b>	<b><u>0.5600</u></b>	<b><u>0.5600</u></b>	<b><u>0.5600</u></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 May 6, 2023, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown above under “District Tax Rates,” the District levied a 2025 maintenance and operation tax of \$0.56/\$100 assessed valuation. See “THE DISTRICT – General.”

**Principal Taxpayers - Table 12**

The following list of principal taxpayers was provided by TCAD based on the 2025, 2024, and 2023 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Principal Taxpayers	Type Property	2025 <sup>(a)</sup>	2024 <sup>(a)</sup>	2023 <sup>(a)</sup>
ATX Egin Dev LLC <sup>(b)</sup>	Land & Improvements	\$ 11,837,865	\$ 7,658,663	\$ 56,501
Brightland Homes Ltd. <sup>(c),(d)</sup>	Land & Improvements	3,311,394	350,000	(e)
Castlerock Communities LLC <sup>(d)</sup>	Land & Improvements	1,980,628	250,000	(e)
Brightland Homes Ltd. <sup>(c),(d)</sup>	Land & Improvements	1,091,028	(e)	(e)
18401 Elgin Holdings LLC <sup>(b)</sup>	Land & Improvements	1,066,327	1,066,327	(e)
Brightland Homes Ltd. <sup>(c),(d)</sup>	Land & Improvements	1,015,955	(e)	(e)
Chesmar Homes LLC <sup>(d)</sup>	Land & Improvements	920,391	200,000	(e)
Castlerock Communities LP <sup>(d)</sup>	Land & Improvements	802,760	(e)	(e)
Castlerock Communities LP <sup>(d)</sup>	Land & Improvements	690,258	(e)	(e)
Brightland Homes Ltd. <sup>(c),(d)</sup>	Land & Improvements	413,027	(e)	(e)
ATX Elgin Dev LLC et al <sup>(b)</sup>	Land & Improvements	(e)	75,000	105
		<b><u>\$23,129,633</u></b>	<b><u>\$ 9,599,990</u></b>	<b><u>\$ 56,606</u></b>
<b>Percent of Certified Assessed Valuation</b>		<b>79.52%</b>	<b>100.00%</b>	<b>100.00%</b>

- (a) Assessed Valuation reflects the adjusted value as of September 30th of each respective year as included in the audited financial statement.
- (b) The Developers. See “THE DEVELOPERS.”
- (c) Now called DRB Homes.
- (d) Homebuilders within the District. See “THE DEVELOPER –Homebuilders within the District.”
- (e) Not a principal taxpayer in respective year.

**Tax Adequacy for Debt Service**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2025 Certified Assessed Valuation, and Estimated Assessed Valuation as of September 1, 2025, 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 - Impact on District Tax Rates.”

Average Requirement on the Bonds (2027 through 2051).....	\$240,341
\$0.87 Tax Rate on 2025 Certified Assessed Valuation of \$29,087,397 @ 95% collections produce.....	\$240,407
\$0.59 Tax Rate on Estimated Assessed Valuation as of September 1, 2025, of \$43,528,673 @ 95% collections produce.....	\$243,978
Maximum Requirement on the Bonds (2039).....	\$263,181
\$0.96 Tax Rate on 2025 Certified Assessed Valuation of \$29,087,397 @ 95%,552,670 collections produce.....	\$265,277
\$0.64 Tax Rate on Estimated Assessed Valuation as of September 1, 2025, of \$43,528,673 @ 95% collections produce.....	\$264,654

**Debt Service Fund Management Index**

Capitalized Interest included in Bond Proceeds <sup>(a)</sup> .....	<u>\$323,000</u>
Total Available for Debt Service.....	<u>\$323,000</u>
Less: Debt Service Requirements for year ending 12/31/26 <sup>(b)</sup> .....	<u>(66,843)</u>
Projected Debt Service Fund Balance as of September 30, 2026.....	<u>\$256,157</u>

- (a) Represents approximately twenty-three (23) 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, 2026.

**TAXING PROCEDURES**

**Authority to Levy Taxes**

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

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

The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized 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. TCAD has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis 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 disability 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 Travis County may designate all or part of the District as a reinvestment zone, and the District, Travis 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.

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

Generally, property in the District must be appraised by TCAD 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.

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

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

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

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

### **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 TCAD 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 that 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 designated the District a Developing District for purposes of the 2025 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 2025.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser’s deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See “RISK FACTORS - 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 that (i) 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 legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied by the District, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described below under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

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

### No-Litigation Certificate

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

### No Material Adverse Change

The obligations of the Initial Purchaser to accept 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 described in the preceding paragraph, 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 may be 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 of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified 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. In addition, the District has agreed to provide information with respect to the Developers of the general type included under “TAX DATA - Principal Taxpayers – Table 12.” The District will be obligated to provide such information concerning the Developers only if and so long as (1) such entities own more than 20% of the taxable value within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions) or any preliminary or estimated assessed valuation provided by TCAD, (2) such entities have made tax or other payments to the District which were used or available to pay more than 20% of the District’s debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such entities are obligated to the District to provide or pay for District facilities or debt in the amount which exceeds 20% of the amount of the District’s bonds then outstanding.

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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the 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) above, 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) above 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 agreement 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 the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered 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 (the “Financial Advisor”), which firm was employed in 2023 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” – District Engineer; “FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued – Table 5” - Records of the District, “FINANCIAL STATEMENT” – TCAD; “FINANCIAL STATEMENT - Estimated Overlapping Debt Statement” - Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” and “THE SYSTEM – Water and Wastewater Operations – Rate and Fees – Table 1” - Records; “THE DISTRICT - Management of the District” - District Directors; “DEBT SERVICE REQUIREMENTS – TABLE 3” - Financial Advisor; “THE BONDS” (except “Payment Record”), “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except “Compliance with Prior Undertakings”) – Bond Counsel.

### **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 BGE, Inc., and has been included in reliance upon the authority of said firm in the field of civil engineering.

The Auditor: The District’s financial statements for fiscal year ending September 30, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and excerpts of the District’s Audited Financial Statements as of September 30, 2025, have been included as Appendix A in reliance upon such firm’s authority in the field of accounting.

### **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 consultants 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 Briarwood Municipal Utility District, as of the date shown on the first page hereof.

/s/ Brent Cooke  
President, Board of Directors  
Briarwood Municipal Utility District

/s/ Stephen Rye  
Secretary, Board of Directors  
Briarwood 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 includes the audited financial statements of Briarwood Municipal Utility District for the fiscal year ended September 30, 2025.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**

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

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2025**

# BRIARWOOD MUNICIPAL UTILITY DISTRICT

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF TRAVIS

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

**BRIARWOOD 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 **23th day of January, 2026** its annual audit report for the fiscal year ended **September 30, 2025** and that copies of the annual audit report have been filed in the District's office, located at:

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

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

Date: \_\_\_\_\_, \_\_\_\_\_ By: \_\_\_\_\_  
(Signature of District 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

Form TCEQ-0723 (Revised 07/2012)

# **INDEPENDENT AUDITOR'S REPORT**

# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Briarwood Municipal Utility District  
Travis County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Briarwood Municipal Utility District (the "District") as of and for the year ended September 30, 2025, 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, 2025, 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 Ellis PLLC*

McCall Gibson Swedlund Barfoot Ellis PLLC  
Certified Public Accountants  
Houston, Texas

January 23, 2026

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **BRIARWOOD MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2025**

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In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of Briarwood 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, 2025. 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 unassigned fund balance was \$31,834, an increase of \$65,500 from the previous fiscal year. General Fund revenues were \$55,750, expenditures were \$150,250 and advances received from the developer to finance operations were \$160,000 for the fiscal year ending September 30, 2025.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$94,500 in the current fiscal year. Net position decreased from a deficit balance of \$173,603 at September 30, 2024 to deficit balance of \$268,103 at September 30, 2025.

## **OVERVIEW OF THE DISTRICT**

The District, a political subdivision of the State of Texas, was created by Order of the Texas Commission on Environmental Quality (the “TCEQ”) on December 22, 2022, and confirmed at an election held on May 6, 2023. The District was created for the purpose of providing maintaining water, wastewater and drainage facilities and park and recreational facilities pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 281.041 acres and is located in Travis County.

# BRIARWOOD MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2025

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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*
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 for the General Fund and its actual results.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2025**

**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)
	2025	2024	
Current and other assets	\$ 50,478	\$ 5,213	\$ 45,265
Total Assets	\$ 50,478	\$ 5,213	\$ 45,265
Current liabilities	\$ 18,644	\$ 38,879	\$ (20,235)
Long-term liabilities	299,937	139,937	160,000
Total Liabilities	\$ 318,581	\$ 178,816	\$ 139,765
Unrestricted	\$ (268,103)	\$ (173,603)	\$ (94,500)
Total Net Position	\$ (268,103)	\$ (173,603)	\$ (94,500)

**Revenues and Expenses:**

The following table reflects the condensed Statement of Activities. The District's net position decreased by \$94,500 during the 2025 fiscal year to a deficit balance of \$268,103 at September 30, 2025 from the previous year's deficit balance of \$173,603.

Summary Statement of Activities

	Activities		Increase (Decrease)
	2025	2024	
Property taxes	\$ 55,750	\$ 317	\$ 55,433
Interest and other	-	1	(1)
Total Revenues	\$ 55,750	\$ 318	\$ 55,432
District operations	\$ 18,967	\$ 10,399	\$ 8,568
Professional fees	131,283	95,830	35,453
Total Expenses	\$ 150,250	\$ 106,229	\$ 44,021
Change in Net Position	\$ (94,500)	\$ (105,911)	\$ 11,411
Beginning Net Position	(173,603)	(67,692)	(105,911)
Ending Net Position	\$ (268,103)	\$ (173,603)	\$ (94,500)

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2025**

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

Revenues were \$55,750 for the fiscal year ended September 30, 2025 while expenses were \$150,250. Net position decreased \$94,500 during the 2025 fiscal year.

For the fiscal year ended September 30, 2025, property tax revenues totaled \$55,750. 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 2024 tax year (September 30, 2025 fiscal year) were based upon a current assessed value of \$9,599,990 and a tax rate of \$0.56 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 revenue source is connection/inspection fees and property taxes.

**ANALYSIS OF GOVERNMENTAL FUND**

	<u>Governmental Fund by Year</u>	
	2025	2024
Cash	\$ 50,024	\$ 5,213
Other	454	-
Total Assets	<u>\$ 50,478</u>	<u>\$ 5,213</u>
Accounts payable and other	\$ 18,644	\$ 38,879
Total Liabilities	<u>\$ 18,644</u>	<u>\$ 38,879</u>
Nonspendable	\$ 454	\$ -
Unassigned	31,380	(33,666)
Total Fund Balance	<u>\$ 31,834</u>	<u>\$ (33,666)</u>
Total Liabilities and Fund Balance	<u>\$ 50,478</u>	<u>\$ 5,213</u>

As of September 30, 2025, the District’s governmental fund reflected a fund balance of \$31,834, a \$65,500 increase over the previous year.

**BUDGETARY HIGHLIGHTS**

The General Fund pays for daily operating expenditures. The Board of Directors adopted the 2025 budget on September 17, 2024. The budget included revenues of \$53,760 and other financing sources of \$60,000 as compared to expenditures of \$109,880 for the 2025 fiscal year. When comparing actual figures to budgeted amounts, the District had a positive net variance of \$61,620. More detailed information about the District’s budgetary comparison is presented in the *Required Supplementary Information*.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2025**

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

The property tax assessed value for the 2025 tax year is approximately \$29 million. The fiscal year 2026 tax rate (2025 tax year) is \$0.56 on each \$100 of taxable value. All of the property tax collected during fiscal year 2026 will fund general operating expenses.

The adopted budget for fiscal year 2026 projects an operating fund balance increase of \$27,526.

**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 Avenue, Suite 1300, Austin, TX 78701.

# **FINANCIAL STATEMENTS**

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments Note 2</u>	<u>Government - Wide Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Cash	\$ 50,024	\$ -	\$ 50,024
Prepaid costs	454	-	454
<b>TOTAL ASSETS</b>	<u>\$ 50,478</u>	<u>-</u>	<u>50,478</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 18,644	-	18,644
Long-term liabilities - Due to developer	-	299,937	299,937
<b>TOTAL LIABILITIES</b>	<u>18,644</u>	<u>299,937</u>	<u>318,581</u>
<b><u>FUND BALANCE / NET POSITION</u></b>			
Fund balance -			
Nonspendable	\$ 454	\$ (454)	\$ -
Unassigned	31,380	(31,380)	-
<b>TOTAL FUND BALANCE</b>	<u>31,834</u>	<u>(31,834)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 50,478</u>		
Net position -			
Unrestricted		(268,103)	(268,103)
<b>TOTAL NET POSITION</b>		<u>\$ (268,103)</u>	<u>\$ (268,103)</u>

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

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2025**

	<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	\$ 55,750	\$ -	\$ 55,750
<b>TOTAL REVENUES</b>	<u>55,750</u>	<u>-</u>	<u>55,750</u>
<b><u>EXPENDITURES / EXPENSES:</u></b>			
Pond maintenance	9,790	-	9,790
Legal fees	57,017	-	57,017
Engineering fees	51,537	-	51,537
Accounting fees	10,129	-	10,129
Audit fees	10,000	-	10,000
Financial advisor fees	2,600	-	2,600
Tax appraisal/collection fees	845	-	845
Public notice	325	-	325
Director fees, including payroll taxes	4,282	-	4,282
Insurance	3,497	-	3,497
Other	228	-	228
<b>TOTAL EXPENDITURES / EXPENSES</b>	<u>150,250</u>	<u>-</u>	<u>150,250</u>
Excess (deficit) of revenues over (under) expenditures/expenses	<u>(94,500)</u>	<u>-</u>	<u>(94,500)</u>
<b><u>OTHER FINANCING SOURCES:</u></b>			
Developer advances	160,000	(160,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>160,000</u>	<u>(160,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	65,500	(65,500)	-
<b>CHANGE IN NET POSITION</b>		(94,500)	(94,500)
<b><u>FUND BALANCE / NET POSITION:</u></b>			
Beginning of the year	(33,666)	(139,937)	(173,603)
End of the year	<u>\$ 31,834</u>	<u>\$ (299,937)</u>	<u>\$ (268,103)</u>

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Briarwood 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 (the “TCEQ”) on December 22, 2022, in accordance with Article XVI, Section 59 of the Constitution of the State of Texas and with Chapters 49 and 54 of the Texas Water Code, and confirmed at an election held on May 6, 2023. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by the GASB since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity. The Board held its first meeting on February 9, 2023.

**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 capital assets, including restricted capital assets, net of accumulated 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.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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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 expense on the District's capital assets, including infrastructure, if any.

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

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

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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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 combined 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 the unearned revenue is removed from the combined balance sheet and revenue is recognized.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

***Budgets and Budgetary Accounting*** - An unappropriated budget was adopted on September 17, 2024, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

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

***Cash*** - Includes cash on deposit.

***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.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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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 - General Fund	\$ 31,834
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund -	
Due to developer	(299,937)
	(299,937)
Net Position - Governmental Activities	\$ (268,103)

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

Net Change in Fund Balance - General Fund	\$ 65,500
Amounts reported for governmental activities in the Statement of Activities are different because -	
Governmental funds report:	
Developer advances in year received	(160,000)
	(160,000)
Change in Net Position - Governmental Activities	\$ (94,500)

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**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, 2025, the carrying amount of the District's cash was \$50,024 and the bank balance was \$103,439. The bank balance was fully covered by federal depository insurance.

**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 Travis Central Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 17, 2024.

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 2024 tax roll. The tax rate, based on total taxable assessed valuation of \$9,599,990, was \$0.56 on each \$100 valuation and was allocated solely to the General Fund. The maximum allowable maintenance tax of \$1.00 was established by the voters at an election held on May 6, 2023.

Property taxes were fully collected at September 30, 2025.

**5. BONDED DEBT**

The District has not issued any debt as of September 30, 2025. Bonds authorized but not issued as of September 30, 2025, are as follows:

<u>Type</u>	<u>Amount</u>
Unlimited Tax Bonds	\$ 110,500,000
Park and Recreational Facilities	\$ 6,030,000
Road Bonds	\$ 34,850,000

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**6. COMMITMENTS AND CONTINGENCIES**

The developers of the land within the District have 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 developers by the District from proceeds of future bond issues or from District operations, subject to approval by the TCEQ. On May 6, 2023, a bond election held within the District approved authorization to issue \$110,500,000 of bonds to fund costs of proposed water, wastewater and drainage system facilities, and the costs of creation. Additionally, \$6,030,000 of bonds to fund costs for parks and recreational facilities were approved as well as \$34,850,000 of bonds to fund costs of road improvements were approved by voters of the District. As of September 30, 2025, the District has not issued any bonds to repay the developers. As of September 30, 2025, the District owes the developers \$299,937 for advances used to fund operating expenditures.

**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.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2025**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties	\$ 55,750	\$ 53,760	\$ 1,990
<b>TOTAL REVENUES</b>	<u>55,750</u>	<u>53,760</u>	<u>1,990</u>
<b>EXPENDITURES:</b>			
Pond maintenance	9,790	-	(9,790)
Legal fees	57,017	72,000	14,983
Engineering fees	51,537	7,000	(44,537)
Accounting fees	10,129	7,000	(3,129)
Audit fees	10,000	10,000	-
Financial advisor fees	2,600	1,500	(1,100)
Tax appraisal/collection fees	845	250	(595)
Public notice	325	-	(325)
Director fees, including payroll taxes	4,282	7,230	2,948
Insurance	3,497	4,000	503
Other	228	900	672
<b>TOTAL EXPENDITURES</b>	<u>150,250</u>	<u>109,880</u>	<u>(40,370)</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(94,500)</u>	<u>(56,120)</u>	<u>(38,380)</u>
<b>OTHER FINANCING SOURCES:</b>			
Developer advances	160,000	60,000	100,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>\$ 160,000</u>	<u>\$ 60,000</u>	<u>\$ 100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	65,500	<u>\$ 3,880</u>	<u>\$ 61,620</u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>(33,666)</u>		
End of the year	<u>\$ 31,834</u>		

**TEXAS SUPPLEMENTARY  
INFORMATION**

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES**  
**SEPTEMBER 30, 2025**

**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):**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
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:**

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

<sup>(1)</sup> Water and wastewater services are provided to District residents by City of Elgin, Texas.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES (continued)**  
**SEPTEMBER 30, 2025**

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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: \_\_\_\_\_ Travis 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 Elgin, 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 services are provided to District residents by City of Elgin, Texas.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**TSI-2. GENERAL FUND EXPENDITURES**  
**SEPTEMBER 30, 2025**

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		10,000
Legal		57,017
Engineering		51,537
Financial Advisor		2,600
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		10,129
General Manager		-
Appraisal District/Tax Collector		845
Other Contracted Services		-
Utilities		-
Repairs and Maintenance		9,790
Chemicals		-
Administrative Expenditures:		
Directors' Fees		4,282
Office Supplies		-
Insurance		3,497
Election Costs		-
Other Administrative Expenditures		553
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>150,250</b>

Number of persons employed by the District:

Full-Time

Part-Time

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
TSI-3. TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2025**

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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, 2025.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2025**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>	
<b>Taxes Receivable, Beginning of Year</b>	\$ -	\$ -	
2024 Original Tax Levy	53,760	-	
Total to be accounted for	53,760	-	
Tax collections:			
Current year	53,760	-	
Prior years	-	-	
Total collections	53,760	-	
<b>Taxes Receivable, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	
<b>Taxes Receivable, By Tax Years</b>			
2023	\$ -	\$ -	
2024	-	-	
<b>Taxes Receivable, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	
<b>Property Valuations:</b>	<u>204</u>	<u>2023</u>	<u>2022 *</u>
Land and improvements	\$ 9,599,990 (a)	\$ 56,606 (a)	\$ - (a)
<b>Total Property Valuations</b>	<u>\$ 9,599,990</u>	<u>\$ 56,606</u>	<u>\$ -</u>
<b>Tax Rates per \$100 Valuation:</b>			
Debt Service tax rates	\$ -	\$ -	\$ -
Maintenance tax rates	0.56	0.56	-
<b>Total Tax Rates per \$100 Valuation:</b>	<u>\$ 0.56</u>	<u>\$ 0.56</u>	<u>\$ -</u>
<b>Original Tax Levy</b>	<u>\$ 53,760</u>	<u>\$ 317</u>	<u>\$ -</u>
<b>Percent of Taxes Collected to Taxes Levied **</b>	<u>100.0%</u>	<u>100.0%</u>	<u>N/A</u>
<b>Maximum Maintenance Tax Approved by Voters:</b>	<u>\$ 1.00 on 5/6/2023</u>		

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

\* The District did not levy taxes in 2022.

(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.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS  
SEPTEMBER 30, 2025**

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The District has not issued any long-term debt at September 30, 2025.

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2025**

	<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 and Address:

	Unlimited Tax Bonds*	Road Bonds*	Park and Recreational Facilities*
Bond Authority:			
Amount Authorized by Voters	\$ 110,500,000	\$ 34,850,000	\$ 6,030,000
Amount Issued	-	-	-
Remaining To Be Issued	\$ 110,500,000	\$ 34,850,000	\$ 6,030,000

\* 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, 2025:	\$ -
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:	\$ -

**BRIARWOOD MUNICIPAL UTILITY DISTRICT**  
**TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - THREE YEARS**  
**SEPTEMBER 30, 2025**

	Amounts			Percent of Fund Total Revenues		
	2025	2024	2023*	2025	2024	2023*
<b>GENERAL FUND REVENUES:</b>						
Property taxes, including penalties	\$ 55,750	\$ 317	\$ -	25.8%	0.4%	-
Interest and other	-	1	-	-	-	-
Developer advances	160,000	90,000	49,937	74.2%	99.6%	100.0%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>215,750</b>	<b>90,318</b>	<b>49,937</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GENERAL FUND EXPENDITURES:</b>						
Drainage maintenance	9,790	-	-	4.5%	-	-
Legal fees	57,017	73,505	40,177	26.4%	81.4%	80.5%
Engineering fees	51,537	14,328	3,969	23.9%	15.9%	7.9%
Accounting fees	10,129	6,937	4,658	4.7%	7.7%	9.3%
Audit fees	10,000	-	-	4.6%	-	-
Financial advisor fees	2,600	1,060	-	1.2%	1.2%	-
Tax appraisal/collection fees	845	7	-	0.4%	-	-
Public notice	325	497	754	0.2%	0.6%	1.5%
Director fees, including payroll taxes	4,282	4,758	4,164	2.0%	5.3%	8.3%
Insurance	3,497	3,337	1,588	1.6%	3.7%	3.2%
Other	228	1,800	12,382	0.1%	2.0%	24.8%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>150,250</b>	<b>106,229</b>	<b>67,692</b>	<b>69.6%</b>	<b>117.8%</b>	<b>135.5%</b>
<b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 65,500</b>	<b>\$ (15,911)</b>	<b>\$ (17,755)</b>	<b>30.4%</b>	<b>-17.8%</b>	<b>-35.5%</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</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>			

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

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2025**

<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 20, 2024</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>

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	9/30/2025	Expense Reimbursements	9/30/2025	Title at Year End
<i>Board Members:</i>						
<b>BRENT COOKE</b>	(Elected) 5/6/2023 - 5/3/2026	\$	884	\$	-	President
<b>JONATHON P. FLEMING</b>	(Elected) 5/6/2023 - 5/3/2026	\$	884	\$	47	Vice President
<b>STEPHEN RYE</b>	(Elected) 5/4/2024 - 5/6/2028	\$	663	\$	-	Secretary
<b>WILL ROLLO</b>	(Elected) 5/4/2024 - 5/6/2028	\$	663	\$	-	Assistant Secretary
<b>MELANIE WELLS</b>	(Elected) 5/6/2023 - 5/3/2026	\$	884	\$	-	Assistant Secretary
<i>Consultants:</i>						
<b>Armbrust &amp; Brown, PLLC</b>	2/9/2023	\$	57,392	\$	-	Attorney
<b>BGE Inc.</b>	2/9/2023	\$	51,537	\$	-	Engineer
<b>Bott &amp; Douthitt, PLLC</b>	2/9/2023	\$	10,129	\$	-	Accountant
<b>McCall Gibson Swedlund Barfoot Ellis PLLC</b>	8/20/2024	\$	10,000	\$	-	Auditor
<b>Public Finance Group LLC</b>	2/9/2023	\$	2,600	\$	-	Financial Advisor
<b>McCall Parkhurst &amp; Horton LLP</b>	2/9/2023	\$	-	\$	-	Bond Counsel
<b>Travis County Tax Collector</b>	5/16/2023	\$	574	\$	-	Tax Collector

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

**OTHER SUPPLEMENTARY  
INFORMATION**

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
OSI-1. PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2025**

Taxpayer	Type of Property	Tax Roll Year		
		2025	2024	2023
ATX Elgin Dev LLC	N/A	\$ 11,837,865	\$ 7,658,663	\$ 56,501
Brightland Homes Ltd.	N/A	3,311,394	350,000	-
Castlerock Communities LLC	N/A	1,980,628	250,000	-
Brightland Homes Ltd.	N/A	1,091,028	-	-
18401 Elgin Holdings LLC	N/A	1,066,327	1,066,327	-
Brightland Homes Ltd.	N/A	1,015,955	-	-
Chesmar Homes LLC	N/A	920,391	200,000	-
Castlerock Communities LLC	N/A	802,760	-	-
Castlerock Communities LLC	N/A	690,258	-	-
Brightland Homes Ltd.	N/A	413,027	-	-
ATX Elgin Dev LLC et al	N/A	-	75,000	105
<b>Total</b>		<b>\$ 23,129,633</b>	<b>\$ 9,599,990</b>	<b>\$ 56,606</b>
Percent of Assessed Valuation		<b>79.5%</b>	<b>100.0%</b>	<b>N/A</b>

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2025**

Type of Property	Tax Roll Year					
	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Residential Single Family	\$ 3,393,897	11.7%	\$ -	-	\$ -	-
Vacant Platted Lots	7,793,575	26.8%	2,241,200	23.3%	-	-
Qualified Open Space	-	-	5,641,200	58.8%	7,234,395	12780.3%
Rural Land	12,977,752	44.6%	7,336,552	76.4%	-	-
Commercial Personal	173,975	0.6%	-	-	-	-
Residential Inventory	4,771,640	16.4%	-	-	-	-
Adjustments	(27,191)	-0.1%	(5,618,962)	-58.5%	(7,177,789)	-12680.3%
Total	<u>\$ 29,083,648</u>	<u>100.0%</u>	<u>\$ 9,599,990</u>	<u>100.0%</u>	<u>\$ 56,606</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.]*

**BRIARWOOD MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BONDS, SERIES 2026  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,400,000**

**AS BOND COUNSEL FOR BRIARWOOD 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 March 4, 2026 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,