

OFFICIAL NOTICE OF SALE

\$16,100,000

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17

(A political subdivision of the State of Texas located within Travis County)

WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

Bids Due: Thursday, April 16, 2026 at 10:00 AM, CDT

Award Expected: 6:00 PM, CDT

The Bonds are special limited obligations of Travis County Water Control and Improvement District No. 17 (the "District") secured solely from and secured by a lien on and pledge of by the Net Revenues of the District's water and sewer system, as further defined and described in the Preliminary Official Statement, are not obligations of the Cities of Austin, Lakeway or Bee Cave, Texas, Travis County, Texas, the State of Texas, or any entity other than the District. **THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED IN THE PRELIMINARY OFFICIAL STATEMENT.**

THE SALE

BONDS OFFERED FOR SALE BY COMPETITIVE BIDDING: The Board of Directors (the "Board") of the District is inviting competitive bids for the purchase of \$16,100,000 Water and Sewer System Revenue Bonds, Series 2026 (the "Bonds"). Sealed bids may be submitted by either of two alternative procedures: (1) written bids; or (2) electronic bids. Prospective bidders may select one of the two alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

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

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

PROCEDURE NUMBER 1: Sealed, Written Bids Delivered in Person: Bids, plainly marked "Bid for Bonds," should be addressed to "President and Board of Directors, Travis County Water Control and Improvement District No. 17," and should be delivered to the District's Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas, by 10:00 AM, CDT, on April 16, 2026 ("the date of the bid opening").

PROCEDURE NUMBER 2: Electronic Bidding Procedures: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 10:00 AM, CDT, on the date of the bid opening.

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 404-8102.

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

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

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

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

The District and Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

WINNING BIDDER: The bidder whose bid is the winning bid in accordance with this Notice of Sale (the "Purchaser" or "Initial Purchaser") will be notified immediately and must submit a Signed Official Bid Form in connection with the sale, by 10:30 AM, CDT on the date of the sale to Monica Melvin, Specialized Public Finance Inc., monica@spfmuni.com.

PLACE AND TIME OF BID OPENING: The Board will award the sale of the Bonds at the District’s offices at 3812 Eck Lane, Austin Texas, at a meeting that begins at 6:00 PM, CDT, on Thursday, April 16, 2026. All bids, including those being hand delivered, must be received by 10:00 AM CDT, on Thursday, April 16, 2026, at Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Any bid received after the scheduled time for receipt will not be accepted by the Board and will be returned unopened.

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

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

EXTENSION OF SALE DATE: The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT, on Wednesday, April 15, 2026, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

MUNICIPAL BOND RATING: The Bonds have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement.

THE BONDS

DESCRIPTION OF THE BONDS: The Bonds will be dated May 14, 2026 (the “Dated Date”), and interest will accrue from the date of initial delivery, will be payable on November 1, 2026 and on each May 1 and November 1 thereafter until the earlier of maturity or prior redemption and will be calculated on the basis of a 360 day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid by The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the “Paying Agent/Registrar”) which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See the Preliminary Official Statement (made a part hereof) for a more complete description of the Bonds, including redemption provisions. The Bonds will mature on November 1 in the years and amounts as follows:

MATURITY SCHEDULE

Year	Principal Amount	Year	Principal Amount
2026	\$ 350,000	2039	\$ 630,000
2027	335,000	2040	665,000
2028	355,000	2041	700,000
2029	375,000	2042	740,000
2030	395,000	2043	780,000
2031	415,000	2044	820,000
2032	435,000	2045	865,000
2033	460,000	2046	910,000
2034	485,000	2047	960,000
2035	510,000	2048	1,015,000
2036	540,000	2049	1,065,000
2037	570,000	2050	1,125,000
2038	600,000		

OPTIONAL REDEMPTION PROVISIONS: The Bonds maturing on and after November 1, 2032, are subject to redemption prior to maturity, at the option of the District, as a whole or, from time to time in part in multiples of \$5,000, on November 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed, and any sinking fund installments in the case of Term Bonds, defined below, shall be selected by the District.

MANDATORY SINKING FUND REDEMPTION: If the Purchaser designates principal amounts to be combined into one or more term bonds (the “Term Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on November 1 of the first year which has been combined to form such Term Bond and continuing on November 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under the captioned

“MATURITY SCHEDULE.” Term Bonds to be redeemed in any year within a mandatory sinking fund installment shall be redeemed at par by lot or other customary random method. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of Term Bonds that have been redeemed in such year and have not been the basis for any prior optional redemption.

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

SOURCE AND SECURITY OF PAYMENT: The Bonds will constitute valid and legally binding special limited obligations of the District, with principal and interest payable solely from and secured by a lien on and pledge of the Net Revenues of the District’s water and sewer system. The Bonds are special limited obligations solely of the District and are not obligations of the Cities of Austin, Lakeway or Bee Cave, Texas, Travis County, Texas, the State of Texas, or any entity other than the District.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”). See “THE BONDS – Book-Entry-Only System” in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Bonds will be sold in one block on an “all or none” basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5%. For Bonds having stated maturities on and after November 1, 2032, no reoffering yield producing a dollar price less than 95% for any individual maturities will be accepted. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than \$5,000 will be considered.

POST BID MODIFICATION OF PRINCIPAL AMOUNTS PER MATURITY: After selecting the winning bid, the aggregate principal amount of the Bonds per maturity and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Bonds and will not change the aggregate principal amount per maturity by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds per maturity finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustments within three (3) hours after the opening of bids. Purchaser’s compensation will be based upon the final par amount after any maturity adjustments thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

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

BASIS OF AWARD: For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the interest rate or rates specified therein, the total dollar value of all interest on the Bonds from the date of initial delivery (as described below) to their respective maturities and adding thereto any discount bid, if any, or subtracting therefrom any premium bid, if any. The District reserves the right to reject any or all bids and to waive any and all irregularities except time of filing. Subject to such rights, the Bonds will be awarded to the bidder whose bid, under the above computation, produces the lowest net effective interest rate to the District. In the event there are mathematical discrepancies between the interest rate or rates and the interest costs determined therefrom, as both appear on the Official Bid Form, the bid will be solely governed by the interest rates shown on the Official Bid Form.

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

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

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

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

For purposes of this section of this Notice of Sale:

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

All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, and any notice or report to be provided to the District may be provided to the District's Financial Advisor. The District will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

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

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

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295"): In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the winning bidder either:

- (i) submits a Bond of Interested Parties Form 1295 (the "TEC Form 1295") to the District as prescribed by the Texas Ethics Commission ("TEC"), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

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

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*Travis WCID 17*) and box 3 is the identification number assigned to this contract by the District (*Travis WCID17 W&SS 2026*) and description of the goods or services (*Purchase of the Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the District to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the District. The completed and signed TEC Form 1295 must be sent by email, to the District's financial advisor at garry@spfmuni.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: jhale@mphlegal.com.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the District, the Interested Party Disclosure Act and the TEC Form 1295 provide that such declaration is made "under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. **Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed TEC Form 1295 is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein.** Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

GOOD FAITH DEPOSIT: A bank cashier's check, payable to the order of "Travis County Water Control and Improvement District No. 17," in the amount of \$322,000 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Initial Purchaser will be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Initial Purchaser should fail or refuse to accept and pay for the Bonds in accordance with its bid, then said check shall be cashed and accepted by the District and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the District that the Initial Purchaser was found not to satisfy the requirements described under "Verifications Of Statutory Representations and Covenants" and as a result the Attorney General of Texas will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the District but shall not be the sole or exclusive remedy available to the District. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser on the date of initial delivery of the Bonds.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the District.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The District will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the Official Bid Form and Official Notice of Sale (collectively, the "Agreement") shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Agreement, notwithstanding anything in the Agreement to the contrary.

- (i) **No Boycott of Israel (Texas Government Code, Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code, Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign

terrorist organization

- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code, Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (iv) **No Boycott of Energy Companies (Texas Government Code, Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The District will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. If requested by the District, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Delivery Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE DISTRICT RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR TEXAS ATTORNEY GENERAL OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION, THE TEXAS COMPTROLLER, OR TEXAS ATTORNEY GENERAL RELATED TO ITS INCLUSION ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THE AGREEMENT. ADDITIONALLY, THE DISTRICT RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: Initial delivery of the Bonds (“Initial Delivery”) will be accomplished by the issuance of one initial bond payable in installments (collectively, the “Initial Bond”), either in typed or printed form, in the aggregate principal amount of \$16,100,000, registered in the name of the Purchaser, manually signed by the President and Secretary of the Board or the District Secretary, or executed by the facsimile signatures of the President and Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or its authorized deputy. Upon delivery of the Initial Bond, the Paying Agent/Registrar shall immediately cancel the Initial Bond and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. in connection with DTC’s book-entry-only system. Initial Delivery will be at a corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six (6) business days’ notice of the time fixed for delivery

of the Bonds. It is anticipated that Initial Delivery can be made on or about May 14, 2026, and subject to the aforementioned notice it is understood and agreed that the Purchaser will accept delivery of and make payment for the Bonds by 10:00 AM, CDT, on May 14, 2026, or thereafter on the date the Bonds are tendered for delivery, up to and including May 28, 2026. If for any reason the District is unable to make delivery on or before May 28, 2026, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty (30) days. If the Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation.

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

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

CONDITIONS TO DELIVERY: The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas and the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the District ("Bond Counsel"), and the no-litigation certificate, all described below, and the non-occurrence of the events described below under "No Material Adverse Change." In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

LEGAL OPINION: The District will furnish the Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable from Net Revenues of the District's System, (3) pursuant to the Internal Revenue Code of 1986, (the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from the gross income, and will not be treated as "specified private activity bonds" the interest on which would be included as alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986. See "APPENDIX C – Form of Bond Counsel Opinion." The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

CERTIFICATION REGARDING OFFERING PRICE OF BONDS: In order to provide the District with information to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code") relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding "issue price" substantially in the form accompanying this Official Notice of Sale. If the Purchaser will not reoffer the Bonds for sale or has not sold a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District. In no event will the District fail to deliver the Bonds as a result of the Purchaser's inability to certify actual sales of Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the date of delivery of the Bonds if its bid is accepted by the District. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

NO-LITIGATION CERTIFICATE: With the delivery of the Bonds, the President and Secretary of the Board will, on behalf of the District, execute and deliver to the Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the best knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

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

GENERAL CONSIDERATIONS

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

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

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

OFFICIAL STATEMENT: The District has prepared and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates and the purchase price bid by the Purchaser and the initial public offering yields as provided by the Purchaser to the District, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below in “– Changes to Official Statement.” Accordingly, the District deems the accompanying Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12 (the “Rule”), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto to the Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under “OTHER INFORMATION – Certification of Official Statement.”

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement to and including the date the 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 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 Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Bonds as described above. See “DELIVERY AND ACCOMPANYING DOCUMENTS.” The obligation of the District to update or change the Official Statement will terminate as discussed above, unless the 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 the Bonds have been sold to ultimate customers. In the event the Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

DELIVERY OF OFFICIAL STATEMENTS: The District will furnish Official Statements to the Purchaser (and to each participating member of the underwriting syndicate, if any, of the Bonds, within the meaning of the Rule, designated by the Purchaser), within seven (7) business days after the sale date. The District will also furnish to the Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Purchaser may reasonably request as described above in “– Changes to Official Statement” above.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; and the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than the State of Texas will be made pursuant to exemptions from registration or qualification, or where necessary, the Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Purchaser, at the Purchaser’s written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

CONTINUING DISCLOSURE AGREEMENT: The District will agree in the Bond Resolution to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF

INFORMATION.” The Purchaser’s obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Bond Resolution containing the agreement described under such heading.

ADDITIONAL COPIES OF DOCUMENTS: Additional copies of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form may be obtained from the Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

President, Board of Directors
Travis County Water Control and Improvement District No. 17

THE DATE OF THIS OFFICIAL NOTICE OF SALE IS APRIL 6, 2026.

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OFFICIAL BID FORM

President and Board of Directors
Travis County Water Control and Improvement District No. 17
3812 Eck Lane
Austin, Texas

Board Members:

We have read in detail your Official Notice of Sale and accompanying Preliminary Official Statement dated April 6, 2026, relating to the Travis County Water Control and Improvement District No. 17 (the "District") \$16,100,000 Water and Sewer System Revenue Bonds, Series 2026 (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain investment considerations, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$16,100,000, we will pay you a price of \$ _____, representing approximately _____% of the par value. Such Bonds mature November 1, in each of the years and in the amounts and interest rates shown below:

Maturity	Principal Amount	Interest Rate	Maturity	Principal Amount	Interest Rate
2026	\$ 350,000	%	2039	\$ 630,000	%
2027	335,000	%	2040	665,000	%
2028	355,000	%	2041	700,000	%
2029	375,000	%	2042	740,000	%
2030	395,000	%	2043	780,000	%
2031	415,000	%	2044	820,000	%
2032	435,000	%	2045	865,000	%
2033	460,000	%	2046	910,000	%
2034	485,000	%	2047	960,000	%
2035	510,000	%	2048	1,015,000	%
2036	540,000	%	2049	1,065,000	%
2037	570,000	%	2050	1,125,000	%
2038	600,000	%			

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

Term Bond Maturing November 1	Year of First Mandatory Redemption	Principal Amount	Interest Rate
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%

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

TOTAL INTEREST COST FROM 5/14/2026	\$ _____
PLUS DOLLAR AMOUNT OF DISCOUNT	\$ _____
NET INTEREST COST	\$ _____
NET EFFECTIVE INTEREST RATE	_____ %

The Initial Bond shall be registered in the name of _____ (Purchaser/syndicate manager). We will advise The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, the Paying Agent/Registrar, on forms to be provided by the Paying Agent/Registrar, of our registration instructions at least five (5) business days prior to the date set for Initial Delivery. We will not ask the Paying Agent/Registrar to accept any registration instructions after the five (5) day period.

A wire transfer or a cashiers or certified check to the District in the amount of \$268,500 will be made available in accordance with the Official Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Official Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

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

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

If the undersigned is not exempt from filing the Form 1295, then upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Form 1295 through the TEC's electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the District's General Counsel at lkalisek@lglawfirm.com. The undersigned understands that the failure to provide the certified Form 1295 will prohibit the District from awarding the enclosed bid.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or Notice of Sale (collectively, the "Agreement"), notwithstanding anything in the Agreement to the contrary.

- (i) Not a Sanctioned Company (Government Code, Chapter 2252). The Initial Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (ii) No Boycott of Israel Verification (Government Code, Chapter 2271). The Initial Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Government Code, Chapter 2274). The Initial Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.
- (iv) No Boycott of Energy Companies (Government Code, Chapter 2276). The Initial Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

By submitting this bid, the Initial Purchaser understands and agrees that, if the Initial Purchaser should fail or refuse to accept and pay for the Bonds in accordance with this bid, or it is determined that after the acceptance of this bid by the District that the Initial Purchaser was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF SALE" and as a result the Attorney General of Texas will not deliver its approving opinion of the Bonds, then the check submitted herewith as the Initial Purchaser's Good Faith Deposit shall be cashed and accepted by the District. IF THE DISTRICT CASHES THE INITIAL PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT

CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER’S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the “Covered Verifications”) shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Agreement. Additionally, the Purchaser acknowledges and agrees that the District reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting this bid, the Purchaser represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the District, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or has received a letter or other inquiry from a political subdivision, the Texas Comptroller, or the Attorney General of Texas related to its inclusion on any list of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit” in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THE AGREEMENT SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE PURCHASER TO PURCHASE THE BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

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

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

Respectfully submitted,

Name of Purchaser or Syndicate Manager

Authorized Representative

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Travis County Water Control and Improvement District No. 17, Travis County, Texas, this the 16th day of April, 2026.

ATTEST:

Secretary, Board of Directors
Travis County WCID No. 17

President, Board of Directors
Travis County WCID No. 17

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ISSUE PRICE CERTIFICATE

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Water and Sewer System Revenue Bonds, Series 2026 issued by the Travis County Water Control and Improvement District No. 17 ("Issuer") in the aggregate principal amount of \$16,100,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

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

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

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

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

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

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

EXECUTED and DELIVERED as of this _____, 2026.

_____, as Purchaser

By: _____

Name: _____

ISSUE PRICE CERTIFICATE
(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Water and Sewer System Revenue Bonds, Series 2026 issued by the Travis County Water Control and Improvement District No. 17 ("Issuer") in the aggregate principal amount of \$16,100,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

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

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

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

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

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

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

EXECUTED and DELIVERED as of this _____, 2026.

_____, as Purchaser

By: _____

Name: _____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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PRELIMINARY OFFICIAL STATEMENT

Dated April 6, 2026

Rating:
S&P: “AA”
See (“OTHER INFORMATION
– Rating” herein)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

\$16,100,000

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
(A political subdivision of the State of Texas located within Travis County, Texas)
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

Dated Date: May 14, 2026

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

Interest to Accrue from the Date of Initial Delivery (as defined below)

PAYMENT TERMS . . . Interest on the \$16,100,000 Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, Series 2026 (the “Bonds”) will accrue from the Date of Initial Delivery, defined below, and will be payable November 1, 2026, and each May 1 and November 1 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE BONDS – Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to an Order of the Texas Commission on Environmental Quality, the resolution adopted by the Board of Directors of the District authorizing the issuance of the Bonds on April 16, 2026 (the “Bond Resolution”), Article 16, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended. The Bonds, together with the District’s outstanding parity Water and Sewer System Revenue Bonds (the “Outstanding Bonds”), and any additional parity obligations (the “Additional Bonds”) that may be issued from time to time in accordance with the Bond Resolution (collectively, the “Bonds Similarly Secured”) are payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Net Revenues of the District’s water and sewer system (the “System”). The Net Revenues consist of the gross revenues of the System, less maintenance and operation expenses of the System. Depreciation and payments into and out of funds for the Bonds, the Outstanding Bonds and Additional Bonds shall never be considered expenses of maintenance and operation. Additionally, the District has established a reserve fund (the “Reserve Fund”) pledged to the payment of the Bonds Similarly Secured and is required to maintain an amount in the Reserve Fund equal to average annual debt service requirements on the Bonds Similarly Secured (see “SELECTED PROVISIONS OF THE BOND RESOLUTION”). **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see “THE BONDS – Authority for Issuance” and “SECURITY FOR THE BONDS”).

PURPOSE . . . Proceeds of the Bonds will be used to finance the District’s share of (i) the Serene Hills effluent pump station, (ii) Serene Hills right of way irrigation modifications, (iii) Serene Hills drip fields A-2 and A-3, (iv) Flintrock Ranch reclaimed irrigation pump station Phase 1, (v) engineering fees and contingencies, (vi) an additional reserve fund deposit as required by the Bond Resolution and (vii) the costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

CUSIP PREFIX: 89452P
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered by the District subject to prior sale, when, as and if issued by the District and accepted by the Purchaser, subject, among other things, to the approval of the Initial Bond by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, Austin, Texas (see “APPENDIX C – Form of Bond Counsel’s Opinion”).

DELIVERY . . . The Bonds are expected to be available for delivery through the facilities of DTC on May 14, 2026 (the “Date of Initial Delivery”).

BIDS DUE THURSDAY, APRIL 16, 2026, BY 10:00 AM, CDT

MATURITY SCHEDULE

11/1 Maturity	Principal Amount	Interest Rate	Initial Yield ^(a)	CUSIP Numbers ^(b)
2026	\$ 350,000			
2027	335,000			
2028	355,000			
2029	375,000			
2030	395,000			
2031	415,000			
2032	435,000			
2033	460,000			
2034	485,000			
2035	510,000			
2036	540,000			
2037	570,000			
2038	600,000			
2039	630,000			
2040	665,000			
2041	700,000			
2042	740,000			
2043	780,000			
2044	820,000			
2045	865,000			
2046	910,000			
2047	960,000			
2048	1,015,000			
2049	1,065,000			
2050	1,125,000			

(Interest to Accrue from the Date of Initial Delivery)

- (a) The initial yields are established by and are the sole responsibility of the Purchaser and may subsequently be changed.
- (b) 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. None of the Initial Purchaser, the District, or the Financial Advisor are 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.

REDEMPTION . . . The District reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, 2032, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on November 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser designates certain maturities as Term Bonds.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), this document constitutes an Official Statement of the District with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of the information permitted by the Rule.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “Final Official Statement” of the District with respect to the Bonds, as that term is defined in Rule 15c2-12.

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Specialized Public Finance Inc., the District's financial advisor (the "Financial Advisor"), 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, 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 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 and, to the extent that information actually comes to its attention, the other matters described in the Official Statement until delivery of the Bonds to the Purchaser and thereafter only as specified in "OTHER INFORMATION – Updating the Official Statement During Underwriting Period."

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, the Rule.

SALE AND DISTRIBUTION OF THE BONDS

THE PRICES AND OTHER TERMS WITH RESPECT TO THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE 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 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 understanding with the Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Purchaser.

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

SECURITIES LAWS . . . No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission (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 or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

NEITHER THE SEC NOR ANY STATE COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE DISTRICT**..... The District was created on December 8, 1958 by order of the Travis County Commissioners Court and confirmed by the District voters on February 28, 1959. At creation, the District encompassed approximately 4,500 acres of land. Subsequent annexations have increased the size of the District to approximately 16,000 acres. See “THE DISTRICT.”
- THE BONDS**..... The \$16,100,000 Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, Series 2026 are issued as serial Bonds maturing on November 1 in the years 2026 through and including 2050 unless the Purchaser elects to designate certain maturities as Term Bonds (see “THE BONDS – Description of the Bonds”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the Date of Initial Delivery (expected on May 14, 2026) and is payable November 1, 2026, and each May 1 and November 1 thereafter until maturity or prior redemption (see “THE BONDS – Description of the Bonds” and “THE BONDS – Redemption”).
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District authorizing the issuance of the Bonds on April 16, 2026 (the “Bond Resolution”), an order of the Texas Commission on Environmental Quality, Article 16, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended (see “THE BONDS – Authority for Issuance”).
- SECURITY FOR THE BONDS** The Bonds constitute special obligations of the District, and, together with the District’s outstanding parity Water and Sewer System Revenue Bonds and Water and Sewer System Revenue Refunding Bonds (collectively the “Outstanding Bonds”) and any additional parity obligations (the “Additional Bonds”) that may be issued from time to time in accordance with the Bond Resolution (collectively, the “Bonds Similarly Secured”), are payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Net Revenues of the District’s water and sewer system (the “System”). The Net Revenues consist of the gross revenues of the System, less maintenance and operation expenses of the System. Depreciation and payments into and out of funds for the Bonds, the Outstanding Bonds, and any Additional Bonds shall never be considered expenses of maintenance and operation. Additionally, the District has established a reserve fund (the “Reserve Fund”) pledged to the payment of the Bonds Similarly Secured and is required to maintain an amount in the Reserve Fund equal to average annual debt service requirements on the Bonds Similarly Secured (see “SELECTED PROVISIONS OF THE BOND RESOLUTION”). **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see “SECURITY FOR THE BONDS”).
- REDEMPTION** The District reserves the right, at its option, to redeem the Bonds having stated maturities on and after November 1, 2032, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on November 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser designates certain maturities as Term Bonds.
- TAX EXEMPTION**..... In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof. See “TAX MATTERS” herein for a discussion of the opinion of Bond Counsel.
- USE OF PROCEEDS** Proceeds of the Bonds will be used to finance the District’s share of (i) the Serene Hills effluent pump station, (ii) Serene Hills right of way irrigation modifications, (iii) Serene Hills drip fields A-2 and A-3, (iv) Flintrock Ranch reclaimed irrigation pump station Phase 1, (v) engineering fees and contingencies, (vi) an additional reserve fund deposit as required by the Bond Resolution and (vii) the costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

RATING The Bonds have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION – Rating”).

BOOK-ENTRY-ONLY

SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS – Book-Entry-Only System”).

PAYMENT RECORD The District has never defaulted on the timely payment of the principal of or interest on its previously issued obligations.

INVESTMENT CONSIDERATIONS... THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

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DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Occupation</u>	<u>Term Expires</u>
Vacant ^(a)	President		
Elicia G. Michaud	Vice President	Real Estate Broker	2026
Larry L. Harlan	Secretary	Retired Exxon Mobile Public Affairs	2026
Peter Martinez	Alternate Secretary	Retired Exxon Mobile Engineer	2028
Jeffrey Roberts	Director	Contracts Executive	2028

(a) Effective December 31, 2025, Kenneth Smith retired his position as President. The District appointed Phil Han as President of the Board of Directors of the District (the "Board") at the February 19, 2026 Board meeting.

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Jason F. Homan	CEO & General Manager	9 Years
Veronica Ellis	Chief Financial Officer	8½ Years
Joe Kunz	Chief Operating Officer	5 Years

CONSULTANTS AND ADVISORS

Auditors Maxwell Locke & Ritter LLP
Austin, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor.....Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the District, please contact:

Jason F. Homan
CEO & General Manager
Travis County Water Control and
Improvement District No. 17
3812 Eck Lane
Austin, Texas 78734
(512) 266-1111; Ext 113
www.wcid17.org

or

Garry Kimball
Managing Director
Specialized Public Finance Inc.
248 Addie Roy Road
Suite B-103
Austin, Texas 78746
(512) 275-7300
www.spfmuni.com

PRELIMINARY OFFICIAL STATEMENT

RELATING TO \$16,100,000 TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

INTRODUCTION

GENERAL . . . This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$16,100,000 Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, Series 2026. The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District authorizing the issuance of the Bonds on April 16, 2026 (the “Bond Resolution”), an order of the Texas Commission on Environmental Quality (the “TCEQ”), Article 16, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended. Capitalized terms used in this Official Statement not otherwise defined herein have the same meanings assigned to such terms in the Bond Resolution (see “SELECTED PROVISIONS OF THE BOND RESOLUTION”).

There follows in this Official Statement descriptions of the Bonds and certain information regarding the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

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 to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE DISTRICT . . . The District is a water control and improvement district created by an order of the Commissioner’s Court of Travis County, Texas on December 8, 1958 and confirmed by the voters within the District at an election held on February 28, 1959. The District is a political subdivision of Texas with the rights, powers, privileges, and authority established by the general laws of the State of Texas, including particularly Chapters 49 and 51 of the Texas Water Code. The District is subject to the continuing supervision of the TCEQ and is located within the extraterritorial jurisdiction of the Cities of Austin, Lakeway and Bee Cave. Additionally, portions of the District lie within the limited purpose jurisdiction of the City of Austin and the corporate limits of the City of Lakeway.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation and treatment of wastewater, and the control and diversion of storm water. The District issues bonds and other forms of indebtedness to purchase or construct such facilities. The District provides water, wastewater and drainage service to residents of the District and certain out-of-District customers. The District in 2025 provided water service to approximately 12,800 active accounts and wastewater service to approximately 7,595 active connections.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District’s water, wastewater and storm drainage system is subject to the regulatory jurisdiction of federal and state governmental agencies.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 14, 2026, and mature on November 1 in each of the years and in the amounts shown on page two hereof. Interest will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year comprised of twelve 30-day months, and will be payable on November 1, 2026, and each May 1 and November 1 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein (the “Book-Entry-Only System”). **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System” herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Bond Resolution, Article 16, Section 59 of the Texas Constitution, general laws of the State of Texas, including Chapters 49 and 51 of the Texas Water Code, as amended, and an order of the TCEQ.

REDEMPTION . . . *Optional Redemption.* The District reserves the right, at its option, to redeem Bonds having stated maturities on and after November 1, 2032, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on November 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds

are to be redeemed, the District may select the maturities, and sinking fund installment in the case of Term Bonds, to be redeemed. If less than all the Bonds of any maturity, or sinking fund installments in the case of Term Bonds, are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot or other customary random method the Bonds, or portions thereof, within such maturity, or sinking fund installment in the case of Term Bonds, to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Resolution have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of optional redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such optional redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of optional 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/Registrar will give notice in the manner in which the notice of optional redemption was given, to the effect that such Bonds have not been redeemed.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the District, so long as a book-entry-only is used for the Bonds, will send any notice of optional redemption, notice of proposed amendment to the Bond Resolution 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 the 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. 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 payment on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of Bonds for redemption.

DEFEASANCE . . . General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of Net Revenues and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Resolution, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the District to retain the right to call Defeased Bonds to be paid at maturity, 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) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, with reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). 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 Net Revenues of the System pledged as provided in the Bond Resolution and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.

The deposit shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the Board of Directors also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times set forth in the Bond Resolution and all income from such Defeasance Securities received by the

Paying Agent/Registrar or a commercial bank or trust company 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 Board of Directors.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Bond Resolution for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/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 Resolution.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Bond Resolution shall be made without the consent of the registered owner of each Bond affected thereby.

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 Bond Resolution 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/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company 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/Registrar or a commercial bank or trust company 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.

For the purposes of these provisions, "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no 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.

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 with amounts deposited to defease the Bonds. Because the Bond Resolution 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 rating for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid.

AMENDMENTS . . . The District may without the consent of or notice to any Registered Owner amend the Bond Resolution 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 Resolution, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) 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 thereon, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) 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 in the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), New York, New York, 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.

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 Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is

the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) 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 Purchaser take any responsibility for the accuracy thereof.

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

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or the Purchaser.

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM . . . In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under “THE BONDS – Transfer, Exchange and Registration” below.

So long as Cede & Co. is the registered owner of the Bonds, the District will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Bond Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall 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 registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See “THE BONDS – Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 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.

RECORD DATE FOR INTEREST PAYMENT . . . The record date (“Record Date”) for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs included herein were compiled by Baxter & Woodman, Inc., the District's engineer (the "Engineer"), and Jones-Heroy Engineering, the District's bond and regulatory consultant engineer, and were submitted to the TCEQ in the District's Bond Application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The non-construction costs will be finalized after the sale of the Bonds. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

I. CONSTRUCTION COSTS	<u>COST PAID BY DISTRICT</u>
A. Developer Contribution Items – None	
B. District Items:	
1. Serene Hills Effluent Pump Station.....	\$ 4,929,759
2. Serene Hills Right of Way Irrigation Modifications	80,358
3. Serene Hills Drip Irrigation Field A-2.....	1,955,832
4. Serene Hills Drip Irrigation Field A-3.....	2,834,322
5. Flintrock Reclaimed Irrigation Pump Station Phase 1.....	1,374,258
6. Engineering & Permitting (9% of Items 1-5)	1,059,522
7. Contingency (15% of Items 1-5).....	1,675,941
Total District Contribution Items	\$ 13,909,992
TOTAL CONSTRUCTION COSTS (86.40% of BIR)	\$ 13,909,992
II. NON-CONSTRUCTION COSTS	
A. Legal Fees	\$ 161,000
B. Fiscal Agent Fees	251,563
C. Bond Discount (3.00%).....	483,000
D. Bond Issuance Expenses	48,281
E. Bond Application Report Costs.....	20,400
F. Debt Service Reserve Fund.....	1,176,014
G. Attorney General Fees (0.10%).....	9,500
H. TCEQ Fee (0.25% of BIR).....	40,250
I. Contingency ^(a)	0
Total Non-Construction Costs.....	\$ 2,190,008
TOTAL BOND ISSUE REQUIREMENT	\$ 16,100,000

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

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SECURITY FOR THE BONDS

The following summary of the provisions of the Bond Resolution that describe the security for the Bonds is qualified by reference to the Bond Resolution, excerpts of which are included herein under the heading “SELECTED PROVISIONS OF THE BOND RESOLUTION.”

NET REVENUES . . . The District has pledged the Net Revenues to secure the payment of the Bonds, the Outstanding Bonds shown below, and any Additional Bonds (as defined below) and has reserved the right, subject to certain conditions, to pledge the Net Revenues to secure additional parity obligations (“Additional Bonds”) from time to time in the future (see “SECURITY FOR THE BONDS – Issuance of Additional Bonds”). The Bond Resolution defines “Net Revenues” as gross revenues of the System plus, with respect to the Bonds, the wastewater capital recovery fees levied by the District for the Flintrock Wastewater Treatment Plant improvements project, less maintenance and operation expenses of the System. Depreciation and payments into and out of funds for the Outstanding Bonds, the Bonds and the Additional Bonds shall never be considered expenses of maintenance and operation. Additionally, the District has established a reserve fund (the “Reserve Fund”) pledged to pay principal of or interest on the Bonds Similarly Secured (as defined below) and covenants to maintain an amount equal to average annual debt service requirements on the Bonds Similarly Secured (see “SELECTED PROVISIONS OF THE BOND RESOLUTION”). **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation.**

The District’s outstanding bonds secured by and payable from Net Revenues on parity with the Bonds are as follows:

Dated Date	Outstanding Amount	Issue Description
04/01/2010	\$ 775,000	Water and Sewer System Revenue Bonds, Series 2010 (the “Series 2010 Bonds”)
07/21/2016	2,645,000	Water and Sewer System Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”)
08/08/2019	14,505,000	Water and Sewer System Revenue Refunding Bonds, Series 2019 (the “Series 2019 Bonds”)
08/24/2021	11,895,000	Water and Sewer System Revenue Refunding Bonds, Series 2021 (the “Series 2021 Bonds”)

The Series 2010 Bonds, Series 2016 Bonds, Series 2019 Bonds, and the Series 2021 Bonds are referred to hereinafter as the “Outstanding Bonds.” The “Bonds Similarly Secured” means, collectively, the Bonds, the Outstanding Bonds, and any Additional Bonds.

RESERVE FUND . . . In the Bond Resolution, the District has provided for the funding of a Reserve Fund to be held at a depository of the District, solely for the payment of principal and interest on the Bonds Similarly Secured. Following the issuance of the Bonds, the District will have on deposit \$_____, representing the average annual debt service on the Outstanding Bonds and the Bonds. In connection with the issuance of any Additional Bonds or any draw on the Reserve Fund, the District has agreed in the Bond Resolution to make monthly deposits into the Bond Reserve Fund over a period of 60 months in amounts sufficient to meet the Required Reserve Amount, calculated from time to time as the average annual debt service on the Bonds Similarly Secured.

RATE COVENANT . . . In the Bond Resolution, the District has covenanted to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to generate Net Revenues in each Fiscal Year reasonably anticipated to be sufficient : (i) to pay maintenance and operating expenses, depreciation charges and replacement and betterment costs; (ii) to pay the principal of and interest on the Bonds Similarly Secured, and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Bonds Similarly Secured, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the Net Revenues; and (iii) to pay all other indebtedness payable from the Net Revenues and/or secured by a lien on the properties or the revenues of the System.

ISSUANCE OF ADDITIONAL BONDS . . . The District expressly reserves and shall hereafter have the right to issue in one or more installments such other bonds as provided below. Such Bonds may be payable from and equally secured by a pledge of and lien on the Net Revenues, to the same extent as pledged and in all things on a parity with the lien of these Bonds.

The District expressly reserves and shall hereafter have the right to issue in one or more installments the following:

- (1) **Additional Bonds.** The District expressly reserves the right to issue Additional Bonds payable solely from the Net Revenues of the System, for the purpose of completing, repairing, improving, extending, enlarging, or replacing the System, or refund bonds or other obligations issued in connection with the System, and such bonds may be payable from and equally secured by a lien on and pledge of said Net Revenues on a parity with the pledge thereof for these Bonds. Provided, however, that before the District can issue Additional Bonds payable solely from the Net Revenues of the System, an independent certified public accountant shall certify that the Net Revenues of the System

for the last completed fiscal year or a 12 consecutive calendar month period ending no more than 90 days preceding the adoption of the resolution authorizing the Additional Bonds shall have been not less than 1.25 times the average annual debt service requirements of the Outstanding Bonds, the Bonds and any Additional Bonds. Additionally, in connection with the issuance of Additional Parity Bonds, the President of the Board and the District Manager shall sign a written certificate to the effect that the District is not in default as to any covenant, condition or obligation in connection with the Outstanding Bonds, the Bonds and Additional Bonds and the bond resolutions authorizing the same and the Interest and Sinking Fund and the Reserve Fund each contain the amount then required to be therein.

- (2) **Inferior Lien Bonds.** The District also reserves the right to issue inferior lien bonds and to pledge the Net Revenues of the System, to the payment thereof, such pledge to be subordinate in all respects to the lien of these Bonds and the Outstanding Bonds and any Additional Bonds.

BONDHOLDERS' REMEDIES . . . The Bond Resolution provides that, in addition to all other rights and remedies of any Registered Owners provided by the laws of the State of Texas, in the event the District defaults in the observance or performance of any covenant in the Bond Resolution including payment when due of the principal of and interest on the Bonds, any Registered Owner may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board of Directors or other officers of the District to observe or perform such covenants.

The Bond Resolution provides no additional remedies to a Registered Owner. Specifically, the Bond Resolution does not provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners or for the acceleration of the maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus is a remedy which may have to be enforced from year-to-year by the Registered Owners and may prove time consuming, costly and difficult to enforce.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. The Bonds are not secured by an interest in any improvements or any other property of the District. Under Texas law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. The Registered Owners themselves cannot foreclose on property within the District or sell property within the District in order to pay principal of or interest on the Bonds. In addition, the enforceability of the rights and remedies of the Registered Owners may be delayed, reduced or otherwise affected or limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of a political subdivision or by a state statute reasonably required to attain an important public purpose. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies" and "– Bankruptcy Limitation to Registered Owners' Rights."

THE DISTRICT

AUTHORITY . . . The District is a water control and improvement district created by an order of the Commissioner's Court of Travis County, Texas on December 8, 1958 and confirmed by the voters within the District at an election held on February 28, 1959.

The District is a political subdivision of Texas with the rights, powers, privileges, and authority established by the general laws of the State of Texas, including particularly Chapters 49 and 51 of the Texas Water Code.

The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation and treatment of wastewater, and the control and diversion of storm water. The District issues bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District's water, wastewater and storm drainage system is subject to the regulatory jurisdiction of federal and state governmental agencies.

DESCRIPTION . . . At creation, the District encompassed approximately 4,500 acres of land. Subsequent annexations have increased the size of the District to approximately 16,000 acres. The District is located west of the City of Austin in Travis County, Texas. Ranch Road 620 bisects the District. The District lies wholly within the extraterritorial jurisdiction of the Cities of Austin, Lakeway and Bee Cave and portions of the District lie within the limited purpose jurisdiction of the City of Austin and the corporate limits of the City of Lakeway. Some portions of the District are within Leander Independent School District and the remainder is within Lake Travis Independent School District.

DEVELOPMENT WITHIN THE DISTRICT . . . The District has been developed primarily as single-family residential subdivisions with some commercial establishments. At present, the District is approximately 85 percent developed according to the District's Engineer.

MANAGEMENT OF THE DISTRICT . . . The District is governed by the Board of Directors, consisting of five Directors, who have control over management and supervision of all affairs of the District. All of the directors reside within the District. The directors serve four-year staggered terms. Elections are held in May.

GENERAL MANAGER AND STAFF . . . Jason F. Homan has managed the District since 2017. The District Chief Operating Officer, Joe Kunz, and Chief Financial Officer, Veronica Ellis, assist Mr. Homan. There are currently 62 field staff and 17 office staff members.

The District offers a 401(a) Retirement Plan to all non-temporary employees. The investment plan is administered by an outside financial agency. The District also contributes to federal social security.

The 401(a) Retirement Plan is a defined contribution plan where all employer allocations are invested. The amount invested is 5% of pay (calculated on gross wages up to 40 hours/week) over and above regular pay which the employee may invest in a variety of investments offered. The 5% amount increases by ½ percent on each anniversary of employment. The maximum amount the District will contribute for each employee is 10%.

ANNEXATION . . . The District lies within the extraterritorial jurisdictions of the City of Austin, the City of Lakeway and the City of Bee Cave with portions of the District lying within the limited purpose jurisdiction of the City of Austin and the corporate limits of the City of Lakeway. Under Texas law, when a utility district lies within the extraterritorial jurisdiction of two or more cities, any of such cities may annex that portion of the utility district lying within its extraterritorial jurisdiction without dissolving the utility district. At such time as each of the cities has annexed that portion of the utility district within its extraterritorial jurisdiction, the cities may, but are not required to, dissolve the utility district and distribute among them the assets and liabilities of the utility district. Such distribution must be done pro rata, based on the ratio that the value of property and other assets distributed bears to the total value of all the property and other assets of the utility district.

Under Chapter 43 of the Texas Local Government Code, a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. A municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of March 1, 2026, the District had a population higher than the voter approval and/or landowner consent requirements discussed above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District.

Annexation of land by a city is a policy-making matter within the discretion of the Mayor and City Council and therefore the District makes no representation that either the Cities of Austin, Lakeway, or Bee Cave will ever annex any part of the District or whether such cities will ever assume its debt. Moreover, no representation is made concerning the ability of the City of Austin, the City of Lakeway or the City of Bee Cave to make debt service payments should annexation and dissolution of the District occur.

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 assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

ALTERATION OF BOUNDARIES . . . In certain circumstances, under Texas law the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities, or, upon petition by a landowner filed prior to August 31, 2007, for property within the District greater than 28 years. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

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THE SYSTEM

THE SYSTEM . . . The District provides water, wastewater and drainage service to residents of the District and certain out of District customers. The District in 2025 provided water service to approximately 12,800 active connections and wastewater to approximately 7,595 active connections.

The District’s water production and distribution system, sanitary sewer collection and treatment and storm water systems have been designed in accordance with the criteria of various regulatory agencies including Travis County, the City of Austin and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity.

The District obtains water from Lake Travis pursuant to a contract with the Lower Colorado River Authority which has been renewed to 2051. The contract was amended in April, 2024 and increased the authorization to withdrawal up to 10,300 acre-feet per year, or an average of 9.195 million gallons per day. The raw water contract is sufficient to serve 21,635 LUEs.

The District’s existing water treatment facilities are sufficient to serve over 29,228 LUEs (i.e. treat approximately 28.0 MGD of water and the District currently serves approximately 20,000 LUEs). The remaining capacity in the water supply facilities are available to all potential customers within the District, including those within the Serene Hills Defined Area, on a first come first served basis.

As growth occurs in and around the District, and upon the request of landowners and voters within the District, the District may designate additional defined areas to provide water, wastewater and drainage to growth areas.

TABLE 1 – HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year End	Gallons Pumped
2021	2,562,818,000
2022	2,964,144,000
2023	2,932,872,000
2024	2,387,239,000
2025	2,476,402,000

TABLE 2 – TOP WATER CUSTOMERS (BASED ON GALLONS CONSUMED FOR FISCAL YEAR ENDED 9/30/25)

Name of Customer	Gallons	% of Total ^(a)
SRMA	60,770,960	2.62%
AMFP VI Meritage LLC	16,093,790	0.69%
Lake Travis ISD	14,667,270	0.63%
Baylor Scott & White Health	13,678,280	0.59%
CRSA-Longhorn Village	13,069,580	0.56%
SRROA	10,778,980	0.46%
Madrone Cielo Apartments LLC	9,133,990	0.39%
Vistas Lakeway	8,635,470	0.37%
Lake Austin Spa and Resort	7,785,640	0.34%
La Hacienda Resort	7,183,960	0.31%
	161,797,920	6.97%

(a) Calculation based upon calendar usage total of 2,320,733,594 gallons.

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TABLE 3 – MONTHLY WATER AND SEWER RATES AND CAPITAL RECOVERY FEES

Water Rates for 5/8" Meter				
Minimum Charge	Minimum Usage	Rate per 1,000 Gallons over Minimum Usage Levels		
\$ 18.00	-	\$ 2.10	1,000-10,000	
39.00	10,000	3.16	10,001-15,000	
54.80	15,000	4.73	15,001-30,000	
125.75	30,000	7.10	30,001-50,000	
267.75	50,000	10.65	50,001-100,000	
800.25	100,000	15.98	Over 100,000	

Sewer charges – Monthly rates and volume fees are calculated by the wastewater treatment plant that serves each respective property. Current rates for each waste water treatment plant are listed below.

The District charges a water capital recovery fee of \$9,805 per new connection. The sewer capital recovery fees per new connection range from \$1,400 to \$22,641, depending upon which area of the District the development occurs. Fiscal year 2025 collections for water capital recovery fees and for sewer capital recovery fees totaled \$2,342,803.

INVESTMENT CONSIDERATIONS

GENERAL . . . The Bonds are special limited obligations solely of the District and are not obligations of the Cities of Austin, Lakeway and Bee Cave, Travis County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect amounts sufficient to pay all expenses of operation and maintenance of the System, and to provide Net Revenues, which will be adequate to pay promptly all of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds, and to make all deposits required to be made into the Reserve Fund and any other funds established by the Bond Resolution or any other resolution authorizing the issuance of Additional Bonds (see “SECURITY FOR THE BONDS”). **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation.** The capital recovery fees pledged to the Bonds are only assessed in connection with new development within the District and are subject to volatility depending upon growth within the District.

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 charge and collect rates for the System sufficient to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no right to the acceleration of the 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 enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See “SECURITY FOR THE BONDS – Bondholders’ Remedies.”

BANKRUPTCY LIMITATION TO REGISTERED OWNERS’ RIGHTS . . . The enforceability of the rights and remedies of Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Bondholders’ remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic bondholders’ stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, entered an order granting relief from the stay or otherwise allowed creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a water control and improvement 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 Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking 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 appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners’ claims.

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 Registered Owners 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.

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

CONTINUING COMPLIANCE WITH CERTAIN COVENANTS . . . Failure of the District to comply with certain covenants contained in the Bond Resolution 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."

POTENTIAL IMPACT OF NATURAL DISASTER . . . The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, revenues received from the System could be significantly reduced.

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

ENVIRONMENTAL REGULATION . . . *Air Quality Issues.* Air quality control measures required by the United States Environmental Protection Agency ("EPA") and the TCEQ (the "Texas Commission on Environmental Quality") 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) imposed 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 is currently participating 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_{2.5} (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 water control and improvement districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a water control and improvement district’s provision of water for human consumption is subject to extensive regulation as a public water system. Water control and improvement 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) (“CGP”), 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 non-stormwater discharges into surface water in the state. The CGP 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 water control and improvement district must comply may have an impact on the water control and improvement district’s ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ 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. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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

In 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 water control and improvement districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

FUTURE DEBT . . . In the Bond Resolution, the District retains the right to issue Additional Bonds, subject to certain requirements. See “SECURITY FOR THE BONDS – Issuance of Additional Bonds.”

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, 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.

DROUGHT CONDITIONS . . . The District, like other areas of the State, experiences drought conditions from time to time. The LCRA provides water to the District residents in amounts sufficient to service the residents of the District, however, as drought conditions occur, water usage could be restricted, adversely affecting revenues.

DEBT INFORMATION

TABLE 4 – PRO-FORMA REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Bonds			The Bonds ^(a)			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 1,935,000	\$ 936,791	\$ 2,871,791	\$ -	\$ -	\$ -	\$ 2,871,791
2027	2,020,000	864,970	2,884,970	350,000	805,540	1,155,540	4,040,509
2028	2,090,000	790,155	2,880,155	335,000	818,081	1,153,081	4,033,236
2029	2,180,000	714,461	2,894,461	355,000	799,969	1,154,969	4,049,430
2030	2,255,000	637,858	2,892,858	375,000	780,806	1,155,806	4,048,664
2031	1,830,000	567,934	2,397,934	395,000	760,594	1,155,594	3,553,528
2032	1,900,000	503,041	2,403,041	415,000	739,331	1,154,331	3,557,372
2033	1,980,000	433,546	2,413,546	435,000	717,019	1,152,019	3,565,565
2034	1,795,000	367,225	2,162,225	460,000	693,525	1,153,525	3,315,750
2035	1,850,000	311,300	2,161,300	485,000	668,719	1,153,719	3,315,019
2036	1,910,000	260,225	2,170,225	510,000	642,600	1,152,600	3,322,825
2037	1,965,000	207,575	2,172,575	540,000	615,038	1,155,038	3,327,613
2038	2,025,000	153,375	2,178,375	570,000	585,900	1,155,900	3,334,275
2039	590,000	119,975	709,975	600,000	555,188	1,155,188	1,865,163
2040	610,000	107,975	717,975	630,000	522,900	1,152,900	1,870,875
2041	630,000	95,575	725,575	665,000	488,906	1,153,906	1,879,481
2042	645,000	82,825	727,825	700,000	453,075	1,153,075	1,880,900
2043	665,000	69,725	734,725	740,000	415,275	1,155,275	1,890,000
2044	690,000	56,175	746,175	780,000	375,375	1,155,375	1,901,550
2045	710,000	41,288	751,288	820,000	333,375	1,153,375	1,904,663
2046	730,000	25,088	755,088	865,000	289,144	1,154,144	1,909,231
2047	750,000	8,438	758,438	910,000	242,550	1,152,550	1,910,988
2048	-	-	-	960,000	193,463	1,153,463	1,153,463
2049	-	-	-	1,015,000	141,619	1,156,619	1,156,619
2050	-	-	-	1,065,000	87,019	1,152,019	1,152,019
2051	-	-	-	1,125,000	29,531	1,154,531	1,154,531
	<u>\$ 31,755,000</u>	<u>\$ 7,355,518</u>	<u>\$ 39,110,518</u>	<u>\$ 16,100,000</u>	<u>\$ 12,754,540</u>	<u>\$ 28,854,540</u>	<u>\$ 67,965,057</u>

(a) Interest on the Bonds has been calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL BONDS . . . The District does anticipate the issuance of Additional Bonds within the next 8 months.

FINANCIAL INFORMATION

TABLE 5 – CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Operating Revenues:</u> ⁽¹⁾	2025	2024	2023	2022	2021
Water and Sewer Revenues	\$ 20,489,998	\$ 18,746,835	\$ 21,482,633	\$ 21,234,498	\$ 18,038,177
Interest Income	2,143,948	3,111,710	2,993,614	499,629	177,210
Other Revenue and Fees	2,603,586	2,928,748	3,700,852	3,059,366	2,249,121
Total	<u>\$ 25,237,532</u>	<u>\$ 24,787,293</u>	<u>\$ 28,177,099</u>	<u>\$ 24,793,493</u>	<u>\$ 20,464,508</u>
<u>Operating Expenses:</u> ⁽²⁾					
Operating and Maintenance Expenses	\$ 17,671,285	\$ 15,966,295	\$ 15,716,890	\$ 12,468,345	\$ 12,118,338
Total	<u>\$ 17,671,285</u>	<u>\$ 15,966,295</u>	<u>\$ 15,716,890</u>	<u>\$ 12,468,345</u>	<u>\$ 12,118,338</u>
Net Revenues of the System	\$ 7,566,247	\$ 8,820,998	\$ 12,460,209	\$ 12,325,148	\$ 8,346,170
Number of Water Connections Served	12,800	12,798	12,743	12,695	12,560

(1) Excludes Apache Shores Income.

(2) Net of maintenance tax collections and excludes depreciation, capital outlays, debt service and Apache Shores expenses.

TABLE 6 – COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2026-2051 ⁽¹⁾	\$ 2,614,041
Coverage of Average Requirements by 9-30-2025 Net System Revenues	2.89x
Maximum Principal and Interest Requirements 2029	\$ 4,049,430
Coverage of Maximum Requirements by 9-30-2025 Net System Revenues	1.87x
Outstanding Bonds ⁽¹⁾	\$ 45,920,000
Reserve Fund, as of 3-1-2026 ⁽²⁾	\$ 2,159,676

(1) Includes the Bonds. Preliminary, subject to change.

(2) Excludes \$1,176,014 expected to be funded from proceeds of the Bonds. Preliminary, subject to change.

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INVESTMENT AUTHORITY AND PRACTICES OF THE DISTRICT

Available District funds are invested as authorized by Texas law, particularly the Public Funds Investment Act, Texas Government Code Chapter 2256 (the PFIA), and in accordance with investment policies approved by the Board of Directors of the District. Both Texas law and the District's investment policies are subject to change.

AUTHORIZED INVESTMENTS . . . The District is authorized to invest in the following types of obligations, with certain restrictions (each an "Authorized Investment"): (1) obligations of the United States or its agencies and instrumentalities, certain U.S. Agencies, the State of Texas, and obligations insured by the Federal Deposit Insurance Corporation; (2) certain municipal securities; (3) certificates of deposit; (4) repurchase agreements; (5) securities lending programs; (6) bankers' acceptances; (7) commercial paper; (8) money market savings accounts; (9) mutual funds; (10) guaranteed investment contracts; (11) government investment pools; and (12) common trust funds. The District may also contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. § 80b-1 et seq.) or with the Texas State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the District retains ultimate responsibility as fiduciary of its assets.

GOVERNMENT INVESTMENT POOLS . . . Government investment pools ("Pools") in Texas are established under the authority of the Interlocal Cooperation Act, Texas Government Code Chapter 791, and their membership is limited to governmental entities, such as the District. A Pool may only invest its funds in accordance with, and in investments authorized by, the PFIA. Typically, a Pool operates like a money market mutual fund and is required to make its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. In addition to other provisions of the PFIA, the PFIA requires each Pool to: (1) have an advisory board composed of participants in the Pool and other persons who do not have a business partnership with the Pool and are qualified to advise the Pool; (2) maintain a continuous rating of no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

INVESTMENT PRACTICES . . . The PFIA contains many specific provisions in the areas of investment practices, management reports and establishment of appropriate policies, some of which are summarized herein. 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) a list of authorized investments for District funds, (B) the maximum allowable stated maturity of any individual investment, (C) the maximum dollar-weighted average maturity allowed for pooled fund groups, (D) methods to monitor the market price of investments acquired with public funds, (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and (F) procedures to monitor rating changes in investments acquired with public funds. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment.

At least quarterly the District's investment officers must submit an investment report to the Board of Directors of the District detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the District's Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy, and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

CURRENT INVESTMENTS . . . The District's investment goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Funds of the District are invested either in short term U.S. Treasuries or certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a

third-party bank. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio. As of September 30, 2025 the District's funds were invested in the following:

Account	Amount	Percent
SouthState Bank	\$ 29,459,795	39.26%
TexSTAR	20,670,775	27.55%
NexBank	11,925,338	15.89%
CDs/Securities	12,979,770	17.30%
	<u>\$ 75,035,678</u>	<u>100.00%</u>

SELECTED PROVISIONS OF THE BOND RESOLUTION

The following are excerpts of certain definitions and provisions of the Bond Resolution Authorizing the Issuance of Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, Series 2026. Such excerpts do not purport to be complete and reference should be made to the Bond Resolution for the entirety thereof. Copies of the Bond Resolution are available upon request to the District.

Section 2. DEFINITIONS. In addition to other capitalized words and terms defined in this Resolution (except those defined and used in the FORM OF BOND in Section 6), and unless a different meaning or intent clearly appears in the context, the following words and terms shall have the following meanings, respectively:

“Additional Bonds” means those obligations the District reserves the right to issue pursuant to Section 16 of this Bond Resolution.

“Board” means the Board of Directors of the District.

“Bond Insurer” means the insurer, if any, of any series of the Bonds.

“Bonds” means and include collectively the Bonds initially issued and delivered pursuant to this Bond Resolution and all substitute Bonds therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term “Bond” shall mean any of the Bonds.

“Bond Counsel” means a firm of attorneys of nationally recognized standing in the field of law relating to municipal bond law and the exemption from federal income taxation of interest on state or local bonds, selected by the District.

“Bond Resolution” or “Resolution” means this Bond Resolution of the Board authorizing the issuance of the Bonds.

“Commission” means the Texas Commission on Environmental Quality or its successor.

“Commission Order” means the order of the Commission signed February 11, 2026 approving the issuance of the Bonds upon the terms and conditions as outlined in such order.

“Defeasance Securities” means (i) Federal Securities, (ii) noncallable 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 adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no 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.

“DTC” means The Depository Trust Company, New York, New York and its successors and assigns.

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

“Federal Securities” means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

“Initial Purchaser” means the person identified in Section 23 of this Bond Resolution as the initial purchaser of the Bonds.

“Issuance Date” means the date of delivery of the Bonds to the initial purchaser against payment therefor.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means all gross revenues of the System after deducting the expenses of maintenance and operation thereof. Depreciation and payments into and out of the funds for the Outstanding Bonds, the Bonds and any Additional Bonds shall never be considered expenses of operation and maintenance. In connection with the Bonds, Net Revenues includes the wastewater capital recovery fees levied by the District for the Flintrock Wastewater Treatment Plant Project.

“Outstanding” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore delivered under this Bond Resolution, except:

- (1) Bonds theretofore cancelled and delivered to the District or delivered to the Paying Agent/Registrar for cancellation;
- (2) Bonds deemed to be Defeased Bonds;
- (3) Bonds upon transfer of or in exchange for and in lieu of which other Bonds have been authenticated and delivered pursuant to this Bond Resolution; and
- (4) Bonds under which the obligations of this District have been released, discharged, or extinguished in accordance with the terms thereof.

“Outstanding Bonds” means the Series 2010 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2021 Bonds as defined in the recitals to this Bond Resolution.

“Registrar” or “Paying Agent/Registrar” means The Bank of New York Mellon Trust Company, N.A., or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Resolution.

“Registered Owner” or “Owner” has the meaning given in Section 3(a) of this Bond Resolution.

“Registration Book” means the books and records kept and maintained by the Paying Agent/Registrar relating to the registration, transfer, exchange and payment of the Bonds and the interest thereon.

“Required Reserve Amount” means the amount equal to average annual debt service requirements on the Bonds, the Outstanding Bonds and any Additional Bonds.

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

“SEC” means the United States Securities and Exchange Commission.

“Series 2010 Bonds” has the meaning given in the recitals to this Bond Resolution.

“Series 2016 Bonds” has the meaning given in the recitals to this Bond Resolution.

“Series 2019 Bonds” has the meaning given in the recitals to this Bond Resolution.

“Series 2021 Bonds” has the meaning given in the recitals to this Bond Resolution.

“Series 2010 Resolution” means the resolution authorizing the Series 2010 Bonds.

“Series 2016 Resolution” means the resolution authorizing the Series 2016 Bonds.

“Series 2019 Resolution” means the resolution authorizing the Series 2019 Bonds.

“Series 2021 Resolution” means the resolution authorizing the Series 2021 Bonds.

“System” means the water system, sanitary sewer system and drainage and storm sewer system providing services to land within the District including, but not limited to, all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor, now owned or to be hereafter purchased, constructed or otherwise acquired by deed, contracts, or otherwise, and administrative facilities needed in connection therewith, together with any additional or extensions thereto or improvements and replacements thereof; provided that the System shall not include facilities acquired or constructed to perform contracts between the District and other persons, including private corporations, municipalities and political subdivisions which are financed by proceeds of the District’s revenue bonds issued particularly to finance facilities needed to perform such contracts.

Section 7. PLEDGE AND CONSOLIDATION OR DISSOLUTION OF DISTRICT. The Bonds, the Outstanding Bonds and any Additional Bonds, and all interest thereon, are and shall be payable from and secured by an irrevocable first lien on and pledge of the Net Revenues of the System, which lien and pledge is on a parity to that of the Outstanding Bonds. The Net Revenues are further pledged irrevocably to the establishment and maintenance of the funds as hereinafter provided.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the District under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the District under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

To the extent provided by law, the pledge of Net Revenues set forth in this Section 7 will terminate if a city takes over all properties and assets, assumes all debts, liabilities, and obligations, and performs all functions and services of the District, and the District is abolished pursuant to law.

The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

(i) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (herein for purposes of this section the "Consolidated System").

(ii) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the revenue bonds or the combination tax and revenue bonds (herein for purposes of this section the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively the "Consolidating Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall continue to be subordinate to the first lien Revenue Bonds of the Consolidating Districts).

(iii) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on Revenue Bonds which may be issued by the Consolidating Districts on parity with the outstanding first lien Revenue Bonds of the Consolidating Districts.

Section 8. RATES. The District has covenanted and agreed with the Registered Owners of the Outstanding Bonds and hereby covenants and agrees with the Registered Owners of the Bonds and any Additional Bonds, as follows:

(a) That it will at all times collect for services rendered by the System such amounts as will be at least sufficient to pay all expenses of operation and maintenance, and to provide Net Revenues which will be adequate to pay promptly all of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds, and to make all deposits now or hereafter required to be made into the funds created and established by the Outstanding Bonds, this Bond Resolution or any other/resolution authorizing Additional Bonds.

(b) If the System should become legally liable for any other indebtedness, the District shall fix, maintain, charge and collect additional rates and services rendered by the System, sufficient to establish and maintain funds for the payment thereof.

Section 9. REVENUE FUND. There is hereby established or confirmed on the books of the District a Revenue Fund. All gross revenues of every nature received from the operation and ownership of the System shall be deposited from day to day as collected into the Revenue Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay the expenses shall be deposited from the Revenue Fund into the funds to the extent provided hereunder. However, until the Bonds, the Outstanding Bonds and any Additional Bonds are retired, any surplus Net Revenues of the System not required to be deposited in the funds and accounts established by this Bond Resolution or the resolutions authorizing the Outstanding Bonds and any Additional Bonds shall be deposited in the Revenue Fund established herein and used as provided in Section 14 of this Bond Resolution.

Section 10. INTEREST AND SINKING FUND. There is hereby established or confirmed on the books of the District an Interest and Sinking Fund ("Interest and Sinking Fund") and there shall be deposited into the Interest and Sinking Fund the following:

(a) such amounts of the Net Revenues, beginning on the 20th day of each month hereafter, in equal monthly installments, which, together with other monies on deposit therein, as will be sufficient to pay the interest scheduled to come due on the Bonds, the Outstanding Bonds and any Additional Bonds on the next interest payment date; and

(b) such amounts of Net Revenues, in equal monthly installments, which, together with other monies on deposit therein, made on the 20th day of each month hereafter, as will be sufficient to pay the next maturing principal of the Bonds, the Outstanding Bonds and any Additional Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds and all Additional Bonds, as such principal matures, and such interest comes due.

Section 11. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other Bond proceeds for the purpose for which the Bonds are issued as set forth in Section 1 hereof. It is further provided, however, that any interest earnings on Bond proceeds which are required to be rebated to the United States of America pursuant to Section 22 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. RESERVE FUND AND ADDITIONAL SECURITY. (a) There is hereby established or confirmed on the books of the District a Reserve Fund (the "Reserve Fund"). The District covenants to maintain the Required Reserve Amount in the Reserve Fund. The Required Reserve Amount shall be accumulated within sixty months following the Issuance Date by deposits in approximately equal monthly installments on or before the 20th day of such month. The District covenants and agrees that in the event Additional Bonds are issued as hereinafter provided, the resolution authorizing such Additional Bonds shall provide for the payment into the Reserve Fund of such additional sums as shall be necessary to permit an accumulation in the Reserve Fund, within sixty months from the date of the Additional Bonds, of an additional reserve, of an amount of money at least equal to Required Reserve Amount as a result of the issuance of such Additional Bonds then outstanding. The Reserve Fund shall be used to pay principal of or interest on the Bonds, Outstanding Bonds and such Additional Bonds falling due at any time for the payment of which there is not money available in the Interest and Sinking Fund. No payments need be made into the Reserve Fund after there shall have been accumulated and shall exist in such fund the amount of money herein stipulated; but, if at any time it becomes necessary to use temporarily any part of such Reserve Fund for the payment of principal or interest of the Bonds, Outstanding Bonds or any Additional Bonds, or it is otherwise depleted, monthly payments into the Reserve Fund in the amount of 1/60th of the deficiency shall be implemented and continued until such time as such fund contains the amount of money then required to be on deposit therein. So long as the Reserve Fund contains the Required Reserve Amount any investment earnings shall be transferred to the Interest and Sinking Fund.

(b) Additional Security. The capital recovery fees levied by the District for the Flintrock Wastewater Treatment Plant Project improvements pursuant to the Wastewater Capital Recovery Fee Study and Section 49.212 Texas Water Code, are hereby pledged as additional security for the Bonds.

Section 13. DEFICIENCIES IN FUNDS. If in any month the District shall fail to deposit into any fund created by this Bond Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said funds from the first available and unallocated Net Revenues of the System for the following month or months and such payments shall be in addition to the amounts otherwise required to be paid into said funds during such month or months. To the extent necessary, the District shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 14. EXCESS REVENUES. Any Net Revenues in excess of those necessary to establish and maintain the funds as required in this Bond Resolution, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Section 15. INVESTMENT AND SECURITY FOR FUNDS. All funds created by this Bond Resolution shall be invested as authorized by law including the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. In addition, all funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds including the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, and such funds shall be used only for the purposes and in the manner permitted or required by this Bond Resolution.

Section 16. ADDITIONAL BONDS. The District expressly reserves and shall hereafter have the right to issue in one or more installments such other bonds as provided below. Such Bonds may be payable from and equally secured by a pledge of and lien on the Net Revenues, to the same extent as pledged and in all things on parity with the lien of these Bonds.

The District expressly reserves and shall hereafter have the right to issue in one or more installments the following:

(1) Additional Bonds. The District expressly reserves the right to issue Additional Bonds payable solely from the Net Revenues of the System, for the purpose of completing, repairing, improving, extending, enlarging, or replacing the System, or refunding bonds or other obligations issued in connection with the System, and such bonds may be payable from and equally secured by a lien on and pledge of said Net Revenues on a parity with the pledge thereof for these Bonds. Provided, however, that before the District can issue Additional Bonds payable solely from the Net Revenues of the System, an independent certified public

accountant shall certify that the Net Revenues of the System for the last completed fiscal year or a 12 consecutive calendar month period ending no more than 90 days preceding the adoption of the resolution authorizing the Additional Bonds shall have been not less than 1.25 times the average annual debt service requirements of the Outstanding Bonds, the Bonds and any outstanding Additional Bonds. Additionally, in connection with the issuance of Additional Bonds, the President of the Board and the District General Manager shall sign a written certificate to the effect that the District is not in default as to any covenant, condition or obligation in connection with the Outstanding Bonds, the Bonds and Additional Bonds and the Bond Resolutions authorizing the same and the Interest and Sinking Fund and the Reserve Fund each contain the amount then required to be therein.

(2) Inferior Lien Bonds. The District also reserves the right to issue inferior lien bonds and to pledge the Net Revenues of the System, to the payment thereof, such pledge to be subordinate in all respects to the lien of these Bonds and any previously issued combination unlimited tax and revenue or revenue bonds on a parity with the Bonds.

(3) Special Project Bonds. The District further reserves the right to issue special project bonds or notes for the purchase, construction, improvement, extension, replacement, enlargement, or repair of water, sewer, and/or drainage facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such special project Bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such bonds or notes.

(4) Refunding Bonds. The District further reserves the right to refund any bonds authorized by this Section 16 and the refunding bonds so issued shall enjoy complete equality of lien with the remaining bonds not refunded, if any such bonds remain, and the refunding bonds so issued shall enjoy the priority of lien enjoyed by the bonds being refunded.

(5) Defined Area Bonds. The District further reserves the right to issue bonds or other obligations to provide benefits to a defined area of the District, such Bonds to be paid from taxes imposed only on the defined area, as authorized by Chapter 51 of the Texas Water Code, including, but not limited to, Sections 51.512(b)(4) through 51.530 of the Water Code.

(6) District Obligations. The District further reserves the right to issue bonds, notes or other obligations payable from ad valorem taxes within the District to complete, repair, improve, extend, enlarge or replace the System and to further issue bonds, notes or other obligations for the benefit of any other systems owned by the District which bonds, notes or other obligations may be payable from taxes, revenues of such system or a combination of taxes and revenues.

Section 17. MAINTENANCE AND OPERATION; INSURANCE. While any of the Bonds, the Outstanding Bonds or Additional Bonds are outstanding, the District covenants and agrees to maintain the System in good reasonable condition, and to maintain insurance on the System, for the benefit of the holder or holders of the Bonds, the Outstanding Bonds and any Additional Bonds of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business and which will insure the District against claims for which it can be liable under the Texas Tort Claims Act, or any amendment thereof, or any similar law.

Section 18. ACCOUNTS AND FISCAL YEAR. The District shall keep proper books of records and accounts, separate and apart from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System and shall have said books audited once each fiscal year by a certified public accountant. The District agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current fiscal accounts pertaining thereto on the basis of its current fiscal year; provided, however, that the Board may change such fiscal year if such change is deemed necessary by the Board.

Section 19. AUDIT. Within ninety days after the close of each fiscal year hereafter, the District will cause to be prepared by a certified public accountant, a report covering the next preceding fiscal year, showing the following information:

(a) A detailed statement of all gross revenues of the System and all expenses of operation and maintenance thereof for each fiscal year.

(b) Balance sheet as of the end of each fiscal year.

(c) Accountant's comment regarding the manner in which the District has complied with the requirements of this Bond Resolution and recommendations, if any, for the changes or improvements in the operation and maintenance of the System.

(d) List of insurance policies in force at the end of said fiscal year, showing as to each policy, the risk covered, the amount of the policy, the name of the insurer, and the expiration date.

(e) The number of properties served by the System, if any, and the gross revenues from the System for said fiscal year.

(f) The number of unmetered customers of the System at the end of each fiscal year.

(g) The approximate number of gallons of water registered through the District's meters and the number of gallons sold during each fiscal year.

Section 20. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Bond Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (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/Registrar 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, certified by an independent public accounting firm of national reputation to 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 and when proper arrangements have been made by the District with the Paying Agent/Registrar or a commercial bank or trust company for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Bond Resolution. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company as provided in this Section may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

(c) Notwithstanding any provision of any other Section of this Bond Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/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 this Bond Resolution.

(d) Notwithstanding anything elsewhere in this Bond Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, 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 that Defeased Bond for redemption in accordance with the provisions of the Bond Resolution authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to 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.

* * * * *

Section 24. APPROVAL, REGISTRATION AND DELIVERY. The President or Vice President of the Board of Directors of the District and representatives of McCall, Parkhurst & Horton L.L.P. are hereby authorized and directed to submit the initial Bond and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of the State of Texas for approval and, following said approval, to submit the initial Bond to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the initial Bond, and the seal of the Comptroller shall be impressed or placed in facsimile on the initial Bond. After the initial Bond has been registered, signed, and sealed by the Comptroller, it shall be delivered to the Initial Purchaser, but only upon receipt of the full purchase price.

* * * * *

Section 27. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause

to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Registered Owner applying for a replacement bond shall furnish to the District and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Registered Owner shall furnish to the District and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bond, the District may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the District whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Bond Resolution equally and proportionately with any and all other Bonds duly issued under this Bond Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, as amended and particularly Subchapter D thereof, this Section of this Resolution shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the District or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(a) of this Bond Resolution for Bonds issued in conversion and exchange for other Bonds.

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TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (i) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (ii) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX C – Form of Bond Counsel’s Opinion.”

In rendering its opinion, Bond Counsel will rely upon (a) the District’s federal tax certificate and (b) covenants of the District 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 observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable 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 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 in 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 the 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 by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the 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 accrual period and ratably within each such accrual 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 Law, which is 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 and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exemptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of non-U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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CONTINUING DISCLOSURE OF INFORMATION

The District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe 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 material events, not in excess of 10 business days after the event's occurrence, to the Municipal Securities Rulemaking Board (the "MSRB"), through its Electronic Municipal Markets Access ("EMMA") system, where said information will be available to the general public, without charge, at 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 the headings "DEBT INFORMATION," "FINANCIAL INFORMATION," and in APPENDICES A and B. 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 updated information will include audited financial statements of the District, if the District commissions an audit and it is completed by the required time. If the audit of such financial statements is not complete within 12 months after the fiscal year end, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such twelve month period, and audited financial statements when the audit report on such statements 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 Texas law or regulation.

The District's fiscal year end is currently September 30. Accordingly, it must provide updated information by March 31 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 specified 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) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District (as defined by the Rule, which includes debt, debt-like and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such 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 any such financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Court or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term "Financial Obligation" is defined in the Bond Order to mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words in such clauses (15) and (16) in the preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 29, 2018.

The District will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with the agreement described above under “– Annual Reports.”

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted a purchaser to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . For the past five years, the District has been in material compliance with its continuing disclosure agreements each year in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATING . . . The Bonds have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of General Counsel for the District and District Staff that there is no pending litigation against the District that would have a material adverse financial impact upon the District or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for 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 provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Rating” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks,

savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The District will furnish the Purchaser a transcript of certain proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the effect that (i), based upon an examination of such transcript, the Bonds are valid and legally binding special obligations of the District under the Constitution and the laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may 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 and (ii) the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. See “APPENDIX C – Form of Bond Counsel’s Opinion.”

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions “THE BONDS” (except for the subcaption “Book-Entry-Only-System”), “SECURITY FOR THE BONDS,” “SELECTED PROVISIONS OF THE BOND RESOLUTION,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except for the subcaption “Compliance with Prior Undertakings”), “OTHER INFORMATION – Registration and Qualification of Bonds for Sale,” “OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and “OTHER INFORMATION – Legal Opinions” (except for the last sentence of the second paragraph) to determine that the information relating to the Bonds and the Bond Resolution contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The applicable legal opinion will accompany the Bonds deposited with DTC or will be printed on or attached to the Bonds in the event of discontinuance of the Book-Entry-Only System.

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.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

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

PURCHASER . . . After requesting competitive bids for the Bonds, the District accepted the bid of _____ (the “Purchaser” or “Initial Purchaser”) to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of approximately _____% of par. The initial reoffering price to the public by the Purchaser, produces compensation to the Purchaser of \$ _____. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

MISCELLANEOUS . . . All estimates, statements and assumptions in this Official Statement and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement was approved by the Board of Directors of Travis County Water Control and Improvement District No. 17, as of the date shown on the cover page.

President
Travis County Water Control and
Improvement District No. 17

ATTEST:

Secretary
Travis County Water Control and
Improvement District No. 17

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

THE DISTRICT . . . At creation, the District encompassed approximately 4,500 acres of land. Subsequent annexations have increased the size of the District to approximately 16,000 acres. The District is located west of the City of Austin in Travis County, Texas. Ranch Road 620 bisects the District. The District lies wholly within the extraterritorial jurisdiction of the Cities of Austin, Lakeway and Bee Cave, and portions of the District lie within the limited purpose jurisdiction of the City of Austin and the corporate limits of the City of Lakeway. The District currently levies a District-wide ad valorem maintenance tax of not to exceed \$0.06 per \$100 valuation. Such tax revenues are available to pay operating and maintenance expenses of the District including the System but such taxes are not pledged to the Bonds. **The District has not pledged monies to be raised from taxation to the payment of the Bonds.**

**HISTORICAL DISTRICT TAX BASE, TAX RATE AND COLLECTION EXPERIENCE FOR
TAXES LEVIED ON ALL PROPERTY IN THE DISTRICT**

Tax Year	Assessed Valuation ^(a)	Tax Rate	Levy	% Collections Total	Year Ended 9/30
2025	\$ 10,304,884,407	\$ 0.0560	\$ 5,770,735	N/A	2026
2024	10,366,242,111	0.0533	5,650,372	97.95%	2025
2023	9,009,412,214	0.0533	5,502,495	97.71%	2024
2022	9,601,188,001	0.0543	5,216,987	97.38%	2023
2021	7,878,177,128	0.0568	4,462,420	98.62%	2022
2020	7,214,998,033	0.0599	4,321,784	96.79%	2021
2019	6,699,801,970	0.0599	4,183,080	99.63%	2020
2018	6,626,263,548	0.0599	3,962,593	99.68%	2019
2017	6,079,513,284	0.0599	3,637,144	99.76%	2018
2016	5,607,366,681	0.0599	3,354,999	99.90%	2017

(a) Source: Travis Central Appraisal District.

APPENDIX B

**EXCERPTS FROM THE
TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2025**

The information contained in this APPENDIX consists of excerpts from the Travis County Water Control and Improvement District No. 17 Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

Independent Auditors' Report

To the Board of Directors of
Travis County Water Control and Improvement District No. 17:

Opinions

We have audited the financial statements of the governmental activities and each major fund of Travis County Water Control and Improvement District No. 17 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 Auditors' 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.

Auditors' 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 auditors' 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 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 supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") listed in the table of contents 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other information listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other 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.

Maxwell Locke & Ritter LLP

Austin, Texas
January 29, 2026

Travis County Water Control and Improvement District No. 17

Management's Discussion and Analysis for the Year Ended September 30, 2025

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Travis County Water Control and Improvement District No. 17 (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2025. Please read it in connection with the District's financial statements that follow.

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 "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

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

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "Total Governmental Funds") that derives the change in fund balances 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 *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's final adopted budget to its actual results.

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

Schedules required by the Texas Commission on Environmental Quality and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

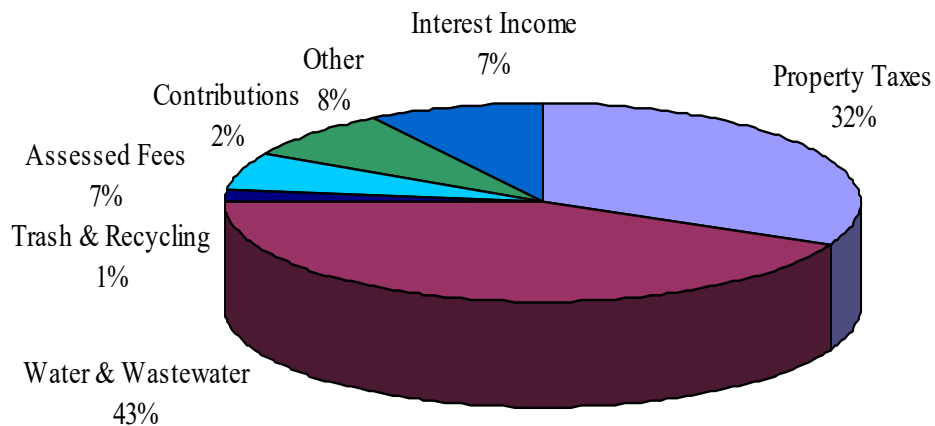
Comparative Financial Statements

Statement of Net Position

	Governmental Activities		
	2025	2024	% Change
Current and other assets	\$ 78,265,363	\$ 76,152,047	3%
Capital assets	277,345,817	279,947,592	(1%)
Total assets	355,611,180	356,099,639	<(1%)
Deferred outflows of resources	916,483	1,050,201	(13%)
Current liabilities	20,137,848	21,479,208	(6%)
Long-term liabilities	100,678,533	109,677,314	(8%)
Total liabilities	120,816,381	131,156,522	(8%)
Net investment in capital assets	172,854,938	165,414,132	4%
Restricted	7,677,325	7,349,655	4%
Unrestricted	55,179,019	53,229,531	4%
Total net position	\$ 235,711,282	\$ 225,993,318	4%

The District's total assets were approximately \$355.6 million as of September 30, 2025. Of this amount, approximately \$277.3 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$120.8 million of which \$109. million represent bonds payable.

Sources of Revenue



Statement of Activities

	Governmental Activities		
	2025	2024	% Change
Water and wastewater service	\$ 20,489,998	\$ 18,746,835	9%
Trash and recycling service	718,602	650,895	10%
Property taxes	15,358,416	15,841,403	(3%)
Contributions	906,271	79,292	1,043%
Assessed fees	3,297,927	2,909,430	13%
Other	7,303,359	7,927,699	(8%)
Total revenues	48,074,573	46,155,554	4%
Water and wastewater	2,485,118	2,616,664	(5%)
Trash and composting	614,683	590,147	4%
Salary and related expenditures	10,107,393	8,815,454	15%
Professional services	795,410	730,195	9%
Materials and supplies	993,782	973,813	2%
Repairs and maintenance	3,504,458	2,754,191	27%
Utilities	2,541,903	2,327,557	9%
Insurance	580,950	564,963	3%
Apache Shores	1,753,764	1,260,398	39%
Chemicals and lab tests	553,523	574,912	(4%)
Other	1,785,904	2,118,458	(16%)
Debt service	3,030,334	3,300,625	(8%)
Depreciation and amortization	9,609,387	8,890,738	8%
Total expenses	38,356,609	35,518,115	8%
Change in net position	9,717,964	10,637,439	(9%)
Beginning net position	225,993,318	215,355,879	5%
Ending net position	\$ 235,711,282	\$ 225,993,318	4%

Operating revenues increased by approximately \$1.9 million to approximately \$48.1 million for the fiscal year ended September 30, 2025. Water and wastewater provided approximately \$20.5 million, various assessed fees provided approximately \$3.3 million, and property taxes generated approximately \$15.4 million in revenues. Total expenses increased approximately \$2.8 million to approximately \$38.4 million for the fiscal year ended September 30, 2025. Net position increased approximately \$9.7 million and approximately \$10.6 million for the fiscal years ended September 30, 2025 and 2024, respectively.

Analysis of Governmental Funds

Government Funds by Year

	2025	2024
Cash and cash equivalents	\$ 38,784,238	\$ 39,411,453
Temporary investments	35,247,377	32,949,087
Accounts receivable	3,390,486	2,889,840
Inventory	5,000	5,000
Prepays and other assets	513,116	545,503
Due from other funds	6,984,082	3,643,992
Total assets	<u>\$ 84,924,299</u>	<u>\$ 79,444,875</u>
Accounts payable	\$ 8,495,523	\$ 9,742,730
Accrued liabilities	258,310	277,057
Customer deposits	1,419,076	1,419,485
Unearned revenue	230,504	64,430
Due to other funds	6,984,082	3,643,992
Total liabilities	<u>17,387,495</u>	<u>15,147,694</u>
Deferred inflows of resources	<u>301,014</u>	<u>233,400</u>
Nonspendable	518,116	550,503
Restricted for debt service	8,896,467	8,691,589
Restricted for capital projects	16,277,386	7,561,907
Committed	2,412,001	2,802,260
Unassigned	39,131,820	44,457,522
Total fund balances	<u>67,235,790</u>	<u>64,063,781</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,924,299</u>	<u>\$ 79,444,875</u>

The *General Fund* pays for daily operating expenditures. When comparing actual to budget, actual revenues were less than the final budgeted revenues primarily due to water and wastewater service revenue being lower than budgeted. Expenditures were lower than budgeted primarily due to less capital outlay expenditures than budgeted. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

The *Debt Service Fund* remitted bond principal of approximately \$6.7 million and interest of approximately \$2.4 million during the year ended September 30, 2025. More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Projects Fund* primarily purchases the District's infrastructure. Capital outlay expenditures were approximately \$5.0 million for the year ended September 30, 2025.

Capital Assets and Long-Term Debt Activity

Capital Assets

	<u>2025</u>	<u>2024</u>
Land and easements	\$ 2,676,443	\$ 2,676,443
Construction in progress	42,956,126	49,392,868
Infrastructure	360,777,904	351,687,802
Buildings	6,096,997	1,742,745
Furniture, fixtures and equipment	6,282,353	6,282,353
Right-to-use leased assets - equipment	308,146	350,357
Subtotal	419,097,969	412,132,568
Accumulated depreciation and amortization	(141,752,152)	(132,184,976)
Total	<u>\$ 277,345,817</u>	<u>\$ 279,947,592</u>

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

Long-Term Debt Activity

	<u>2025</u>	<u>2024</u>
Current portion	\$ 8,330,000	\$ 8,435,000
Long term portion	97,325,000	105,790,000
Total	<u>\$ 105,655,000</u>	<u>\$ 114,225,000</u>

Currently Known Facts, Decisions, or Conditions

The adopted budget for 2026 projects an increase in revenue of approximately \$1.9 million compared to the 2025 final operating budget and an increase in expenditures of approximately \$2.1 million from the 2025 final operating budget. The tax rate has been set at \$0.0560 and \$0.0300 per \$100 of assessed value for the District wide area and the Serene Hills Defined Area, respectively, for operations and maintenance funds, and \$0.1396, \$0.2650, and \$0.4800 per \$100 assessed value for the Steiner Ranch Defined Area, Flintrock Ranch Estates Defined Area, and Serene Hills Defined Area, respectively, which is for debt service funds.

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 at 3812 Eck Lane, Austin, Texas 78734. For an updated description of the areas served by the District and the facilities operated by the District, please refer to the District's website at www.wcid17.org.

Travis County Water Control and Improvement District No. 17

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 36,342,235	12,538	2,429,465	38,784,238	-	38,784,238
Temporary investments	8,362,014	12,855,079	14,010,850	35,227,943	-	35,227,943
Restricted investments	-	-	19,434	19,434	-	19,434
Accounts receivable:						
Property taxes	164,759	136,255	-	301,014	-	301,014
Service accounts, net	2,762,926	-	-	2,762,926	-	2,762,926
Other	118,836	-	207,710	326,546	-	326,546
Due from other funds	2,894,907	-	4,089,175	6,984,082	(6,984,082)	-
Inventory	5,000	-	-	5,000	-	5,000
Prepays and other assets	513,116	-	-	513,116	325,146	838,262
Capital assets (net of accumulated depreciation and amortization):						
Land and easements	-	-	-	-	2,676,443	2,676,443
Construction in progress	-	-	-	-	42,956,126	42,956,126
Infrastructure	-	-	-	-	225,654,967	225,654,967
Buildings	-	-	-	-	4,362,351	4,362,351
Furniture, fixtures and equipment	-	-	-	-	1,615,254	1,615,254
Right-to-use leased assets - equipment	-	-	-	-	80,676	80,676
Total assets	<u>\$ 51,163,793</u>	<u>13,003,872</u>	<u>20,756,634</u>	<u>84,924,299</u>	<u>270,686,881</u>	<u>355,611,180</u>
Deferred outflows of resources-						
Deferred charges on bond refundings	\$ -	-	-	-	916,483	916,483
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,483</u>	<u>916,483</u>
Total assets and deferred outflows of resources	<u>\$ 51,163,793</u>	<u>13,003,872</u>	<u>20,756,634</u>	<u>84,924,299</u>	<u>271,603,364</u>	<u>356,527,663</u>
Liabilities:						
Accounts payable	\$ 6,409,000	19,276	2,067,247	8,495,523	-	8,495,523
Accrued liabilities	258,310	-	-	258,310	-	258,310
Due to other funds	3,032,208	3,951,874	-	6,984,082	(6,984,082)	-
Accrued bond interest payable	-	-	-	-	1,355,397	1,355,397
Customer deposits	1,419,076	-	-	1,419,076	-	1,419,076
Unearned revenue	230,504	-	-	230,504	-	230,504
Long-term liabilities:						
Due within one year	-	-	-	-	8,379,038	8,379,038
Due after one year	-	-	-	-	100,678,533	100,678,533
Total liabilities	<u>11,349,098</u>	<u>3,971,150</u>	<u>2,067,247</u>	<u>17,387,495</u>	<u>103,428,886</u>	<u>120,816,381</u>
Deferred inflows of resources-						
Property taxes	164,759	136,255	-	301,014	(301,014)	-
Total deferred inflows of resources	<u>164,759</u>	<u>136,255</u>	<u>-</u>	<u>301,014</u>	<u>(301,014)</u>	<u>-</u>
Fund balances/net position:						
Fund balances:						
Nonspendable:						
Inventory	5,000	-	-	5,000	(5,000)	-
Prepays and other assets	513,116	-	-	513,116	(513,116)	-
Restricted for:						
Debt service	-	8,896,467	-	8,896,467	(8,896,467)	-
Capital projects	-	-	16,277,386	16,277,386	(16,277,386)	-
Committed to-						
Impact fee expenditures	-	-	2,412,001	2,412,001	(2,412,001)	-
Unassigned	39,131,820	-	-	39,131,820	(39,131,820)	-
Total fund balances	<u>39,649,936</u>	<u>8,896,467</u>	<u>18,689,387</u>	<u>67,235,790</u>	<u>(67,235,790)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,163,793</u>	<u>13,003,872</u>	<u>20,756,634</u>	<u>84,924,299</u>		
Net position:						
Net investment in capital assets					172,854,938	172,854,938
Restricted for debt service					7,677,325	7,677,325
Unrestricted					55,179,019	55,179,019
Total net position					<u>\$ 235,711,282</u>	<u>235,711,282</u>

The notes to the financial statements are an integral part of this statement.

Travis County Water Control and Improvement District No. 17

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:						
Service operations:						
Water and wastewater	\$ 2,485,118	-	-	2,485,118	-	2,485,118
Trash and composting	614,683	-	-	614,683	-	614,683
Salary and related expenditures	10,107,393	-	-	10,107,393	-	10,107,393
Professional services	621,727	173,683	-	795,410	-	795,410
Materials and supplies	993,782	-	-	993,782	-	993,782
Repairs and maintenance	3,504,458	-	-	3,504,458	-	3,504,458
Utilities	2,541,903	-	-	2,541,903	-	2,541,903
Insurance	580,950	-	-	580,950	-	580,950
Apache Shores	1,753,764	-	-	1,753,764	-	1,753,764
Chemicals and lab tests	553,523	-	-	553,523	-	553,523
Other	1,708,783	-	149,858	1,858,641	(72,737)	1,785,904
Capital outlay	1,057,084	-	5,044,257	6,101,341	(6,101,341)	-
Debt service:						
Principal payments	-	6,705,000	1,865,000	8,570,000	(8,570,000)	-
Interest payments	-	2,436,629	1,005,584	3,442,213	(437,379)	3,004,834
Fiscal agent fees and other	-	24,677	823	25,500	-	25,500
Depreciation and amortization	-	-	-	-	9,609,387	9,609,387
Total expenditures/expenses	26,523,168	9,339,989	8,065,522	43,928,679	(5,572,070)	38,356,609
Revenues:						
Program revenues:						
Water and wastewater service	20,489,998	-	-	20,489,998	-	20,489,998
Trash and recycling service	718,602	-	-	718,602	-	718,602
Connection and service fees	577,025	-	-	577,025	-	577,025
Permit/inspection income	395,985	-	-	395,985	-	395,985
Impact fees	-	-	2,324,917	2,324,917	-	2,324,917
Apache Shores income	2,761,168	-	-	2,761,168	-	2,761,168
Total program revenues	24,942,778	-	2,324,917	27,267,695	-	27,267,695
Total program expense, net						(11,088,914)
General revenues:						
Property taxes, including penalties and interest	6,041,035	9,249,767	-	15,290,802	67,614	15,358,416
Interest income	2,143,948	570,014	640,622	3,354,584	-	3,354,584
Penalties and fines	218,023	-	-	218,023	-	218,023
Contributions	-	-	-	-	906,271	906,271
Other income	693,951	220,290	55,343	969,584	-	969,584
Total general revenues	9,096,957	10,040,071	695,965	19,832,993	973,885	20,806,878
Total revenues	34,039,735	10,040,071	3,020,882	47,100,688	973,885	48,074,573
Excess (deficiency) of revenues over (under) expenditures	7,516,567	700,082	(5,044,640)	3,172,009	6,545,955	9,717,964
Other financing sources (uses)-						
Transfers in (out)	(12,854,393)	(515,467)	13,369,860	-	-	-
Total other financing sources (uses)	(12,854,393)	(515,467)	13,369,860	-	-	-
Changes in fund balances/net position	(5,337,826)	184,615	8,325,220	3,172,009	6,545,955	9,717,964
Fund balances/net position:						
Beginning of year	44,987,762	8,711,852	10,364,167	64,063,781	161,929,537	225,993,318
End of year	\$ 39,649,936	8,896,467	18,689,387	67,235,790	168,475,492	235,711,282

The notes to the financial statements are an integral part of this statement.

Travis County Water Control and Improvement District No. 17

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Water and wastewater service	\$ 20,695,125	21,595,125	20,489,998	(1,105,127)
Trash and recycling service	699,000	699,000	718,602	19,602
Property taxes, including penalties and interest	5,952,475	5,952,475	6,041,035	88,560
Connection and service fees	213,100	213,100	577,025	363,925
Penalties and fines	592,100	592,100	218,023	(374,077)
Interest income	2,244,683	2,244,683	2,143,948	(100,735)
Permit/inspection income	333,000	403,000	395,985	(7,015)
Apache Shores income	2,009,463	2,009,463	2,761,168	751,705
Other income	871,960	871,960	693,951	(178,009)
Total revenues	<u>33,610,906</u>	<u>34,580,906</u>	<u>34,039,735</u>	<u>(541,171)</u>
Expenditures:				
Service operations:				
Water and wastewater	2,990,125	2,990,125	2,485,118	505,007
Trash and composting	618,000	618,000	614,683	3,317
Salary and related expenditures	10,222,011	10,336,111	10,107,393	228,718
Professional services	584,000	619,000	621,727	(2,727)
Materials and supplies	925,350	970,507	993,782	(23,275)
Repairs and maintenance	2,594,500	2,706,250	3,504,458	(798,208)
Utilities	2,434,500	2,464,500	2,541,903	(77,403)
Insurance	550,000	627,000	580,950	46,050
Apache Shores	1,871,863	1,871,863	1,753,764	118,099
Chemicals and lab tests	809,600	782,600	553,523	229,077
Other	1,927,619	1,981,619	1,708,783	272,836
Capital outlay	1,959,354	1,783,209	1,057,084	726,125
Total expenditures	<u>27,486,922</u>	<u>27,750,784</u>	<u>26,523,168</u>	<u>1,227,616</u>
Excess of revenues over expenditures	6,123,984	6,830,122	7,516,567	686,445
Other financing uses-				
Transfers out	-	-	(12,854,393)	(12,854,393)
Change in fund balance	6,123,984	6,830,122	(5,337,826)	(12,167,948)
Fund balances:				
Beginning of year	44,987,762	44,987,762	44,987,762	-
End of year	<u>\$ 51,111,746</u>	<u>51,817,884</u>	<u>39,649,936</u>	<u>(12,167,948)</u>

The notes to the financial statements are an integral part of this statement.

Travis County Water Control and Improvement District No. 17

Notes to Basic Financial Statements Year Ended September 30, 2025

1. Summary of Significant Accounting Policies

Travis County Water Control and Improvement District No. 17 (the “District”) was created by an order of the Commissioners’ Court of Travis County, Texas on December 8, 1958, and confirmed by the electorate of the District at a confirmation election held on February 28, 1959. The Board of Directors (the “Board”) held its first meeting in December 1958, and the first bonds were sold on November 15, 1959. The District operates and maintains a water treatment and distribution system in Travis County, Texas under Chapter 51 of the Texas Water Code. The District is a political subdivision of the State of Texas and operates under an elected Board of Directors. Additional information related to the District, including information on the utility service territory and water and wastewater facilities operated by the District, is available on the District’s website at www.wcid17.org.

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 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 Governmental Accounting Standards Board (“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 which are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 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 “Total Governmental Funds” 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.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources restricted for or committed to authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund, Debt Service Fund, and Capital Projects Fund. The budget is proposed by the District General Manager for the fiscal year commencing on October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents - Cash and cash equivalents includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of money market funds, are recorded at cost, which approximates fair value.

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool, certificates of deposit, and money market mutual funds. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Restricted investments consist of escrowed bond proceeds.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2025, the District had an allowance for uncollectible accounts of \$121,526.

Prepaid Items - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land and easements, construction in progress, infrastructure (water, wastewater, drainage and distribution systems, and water tanks purchased, constructed or donated), buildings, furniture, fixtures and equipment, and intangible right-to-use assets, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated (except for intangible right-to-use assets which are measured based on the information in the Leases accounting policy below). The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets (other than land and easements and construction in progress) are depreciated and amortized using the straight line method over the following estimated useful lives: infrastructure - five to fifty years, buildings - five to thirty years, furniture, fixtures and equipment - five to twenty years, right-to-use assets - five years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, including bond insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, including bond insurance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases - The District is a lessee for noncancellable leases of vehicles. The District recognizes a lease liability and an intangible right-to-use lease asset in the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term and the lease liability is reduced by the principal portion of lease payments when made. The intangible right-to-use lease asset is initially measured at the initial amount of the lease liability and is amortized on a straight-line basis over its useful life.

The key estimates and judgments related to leases include how the District determines the discount rate used to discount the expected lease payments to present value, lease term, and lease payments. The District uses the risk free rate for the term of the lease agreement as the discount rate for leases. The lease term includes the noncancellable period of the lease, and lease payments included in the measurement of the lease liability are comprised of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the intangible right-to-use lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 6 for additional information on deferred outflows of resources.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Included in restricted fund balance in the Debt Service Fund are funds collected from customers of the Apache Shores water system for the payment of annual debt service requirements. These fees, which are assessed through debt service fees and capacity buy-in fees on the customer's monthly water bill, cannot be used in the daily operation of the system or combined with the District's debt service collections or operating needs.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

Recently Issued Accounting Pronouncement

In May 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. GASB Statement No. 103 impacts the following areas: (1) Management's discussion and analysis - information is limited to topics discussed in five sections which include a) overview of the financial statements, b) financial summary, c) detailed analysis, d) significant capital asset and long-term financial activity, and e) currently known facts, decisions, or conditions. Information included in the detailed analysis should explain why balances and results of operations changed; (2) Unusual or infrequent items - these items are limited to transactions that are either unusual in nature or infrequent in occurrence and are displayed as the last presented flow of resources prior to the net change in resource flows; (3) Proprietary funds - the statement of revenues, expenses, and changes in net position is now required to separately report noncapital subsidies and present a subtotal for operating income (loss) and noncapital subsidies before reporting nonoperating revenues and expenses. It also defines what constitutes a subsidy; (4) Major component unit information - each major component unit is required to be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements; (5) Budgetary comparison information - this is now required to be presented as required supplemental information and also must present variances between original and final budget amounts and variances between final budget and actual amounts. Management is evaluating the effects that the full implementation of GASB Statement No. 103 will have on its financial statements for the year ended September 30, 2026.

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds total fund balance	\$ 67,235,790
Prepaid bond insurance costs are recorded as expenditures in the funds, but are amortized over the life of the related bonds in the statement of net position.	325,146
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	277,345,817
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.	301,014
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums and discounts	(108,973,798)
Less: Deferred charges on bond refundings	916,483
Bond interest payable	(1,355,397)
Leases payable	(83,773)
Total net position	<u>\$ 235,711,282</u>

Amounts reported for governmental activities in the statement of activities are different because:

Change in fund balances	\$ 3,172,009
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense or reflected as contribution revenue for contributed capital assets:	
Capital outlay	6,101,341
Depreciation and amortization expense	(9,609,387)
Contributed capital assets	906,271
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-	
Change in deferred tax revenue	67,614
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Repayment of bond principal	8,570,000
Repayment of lease principal	72,737
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in bond interest payable	112,373
Amortization of deferred charges on bond refunding	(133,718)
Amortization of bond premium	528,262
Amortization of original issue discount	(43,520)
Amortization of bond insurance costs	(26,018)
Change in net position	<u><u>\$ 9,717,964</u></u>

3. Cash, Cash Equivalents, and Temporary Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2025, the District's bank deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States, the State of Texas and their agencies or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the State, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission (the "SEC"), and eligible public funds investment pools.

Investments held at September 30, 2025 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pools-			
TexStar	\$ 22,248,172	1	AAAm
Certificates of Deposit	12,979,771	369	N/A
Money Market Mutual Funds	19,434	1	N/A
Total	<u>\$ 35,247,377</u>		

The District had investments in an external local government investment pool, Texas Short-Term Asset Reserve ("TexStar"). Although TexStar is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is stated at amortized cost, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexStar is administered by First Southwest Company and JPMorgan Chase. TexStar is overseen by a five-member governing board made up of three participants and one of each of the program's professional administrators. The responsibility of the board includes the ability to influence operations, designation of management and accountability for fiscal matters. In addition, TexStar has a Participant Advisory Board which provides input and feedback on the operations and direction of the program, and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. TexStar's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

The District also invests in money market mutual funds. Money market mutual funds are valued using Level 1 inputs that are based on market data obtained from independent sources. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

The restricted investments (money market mutual funds) in the Capital Projects Fund consist of the remaining proceeds of the Series 2009A Unlimited Tax Bonds and Series 2010 Unlimited Tax Bonds. These funds can only be released from escrow upon written authorization from the Texas Water Development Board.

Credit Risk - At September 30, 2025, investments were comprised of an external local governmental investment pool, certificates of deposit, and money market mutual funds with ratings from Standard & Poor's in compliance with the District's investment policy. At September 30, 2025, all certificates of deposits were collateralized in compliance with the District's investment policy.

Interest Rate Risk - The District considers the holdings in the external local governmental investment pool and money market mutual funds to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At September 30, 2025, the District's holdings in certificates of deposit had a weighted average maturity of 369 days.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government.

4. **Interfund Receivables, Payables, and Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances as of September 30, 2025, was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 2,894,907
Capital Projects Fund	Debt Service Fund	1,056,967
Capital Projects Fund	General Fund	3,032,208
Total		<u>\$ 6,984,082</u>

During the year, the General Fund transferred \$12,854,393 to the Capital Projects Fund for capital outlay expenditures. In addition, the Debt Service Fund transferred \$515,467 to the Capital Projects Fund for bond principal and interest payments.

5. Capital Assets

Capital assets activity for the year ended September 30, 2025, was as follows:

	Balance 9/30/2024	Additions	Retirements and Transfers	Balance 9/30/2025
Capital assets not being depreciated and amortized:				
Land and easements	\$ 2,676,443	-	-	2,676,443
Construction in progress	49,392,868	5,206,913	(11,643,655)	42,956,126
Total capital assets not being depreciated and amortized	52,069,311	5,206,913	(11,643,655)	45,632,569
Capital assets being depreciated and amortized:				
Infrastructure	351,687,802	1,776,309	7,313,793	360,777,904
Buildings	1,742,745	24,390	4,329,862	6,096,997
Furniture, fixtures and equipment	6,282,353	-	-	6,282,353
Right-to-use leased assets - equipment	350,357	-	(42,211)	308,146
Total capital assets being depreciated and amortized	360,063,257	1,800,699	11,601,444	373,465,400
Less accumulated depreciation and amortization for:				
Infrastructure	(126,062,141)	(9,060,796)	-	(135,122,937)
Buildings	(1,545,272)	(189,374)	-	(1,734,646)
Furniture, fixtures and equipment	(4,380,562)	(286,537)	-	(4,667,099)
Right-to-use leased assets - equipment	(197,001)	(72,680)	42,211	(227,470)
Total accumulated depreciation and amortization	(132,184,976)	(9,609,387)	42,211	(141,752,152)
Total capital assets being depreciated and amortized, net	227,878,281	(7,808,688)	11,643,655	231,713,248
Capital assets, net	\$ 279,947,592	(2,601,775)	-	277,345,817

6. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended September 30, 2025:

	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025
Deferred charges on bond refundings	<u>\$ 1,050,201</u>	<u>-</u>	<u>(133,718)</u>	<u>916,483</u>

7. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025
Bonds payable	\$ 114,225,000	-	(8,570,000)	105,655,000
Discount on bonds	(712,472)	-	43,520	(668,952)
Premium on bonds	4,516,012	-	(528,262)	3,987,750
Leases payable	156,510	-	(72,737)	83,773
Total	<u>\$ 118,185,050</u>	<u>-</u>	<u>(9,127,479)</u>	<u>109,057,571</u>

Long-term debt at September 30, 2025 is comprised of the following:

	Balance September 30, 2025	Due in One Year
\$2,100,000, Series 1997, Apache Shores Revenue Bond, maturing annually on October 1 through 2026. Interest varies from 5.95% to 6.10% and is payable on April 1 and October 1 each year. Bonds are callable on October 1, 2007.	\$ 145,000	\$ -
\$1,100,000, Series 2004, Travis County Water Control and Improvement District No. 17 River Ridge Unlimited Tax Bonds, maturing annually on November 1 through 2029. Interest varies from 4.80% to 5.75% and is payable on May 1 and November 1 each year. Bonds are callable on May 1, 2014.	355,000	65,000
\$1,775,000, Series 2010, Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Bonds, maturing annually on November 1 through 2032. Interest varies from 2.84% to 5.34% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2020.	865,000	90,000

\$2,550,000, Series 2013, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2031. Interest varies from 2.00% to 3.25% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2020.	\$ 1,215,000	\$ 155,000
\$2,749,997, Series 2013, Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2031. Interest varies from 2.00% to 3.375% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2020.	975,000	120,000
\$6,830,000, Series 2014, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2025. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2021.	620,000	620,000
\$12,919,989, Series 2015, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2031. Interest varies from 2.00% to 3.125% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2022.	7,980,000	810,000
\$2,230,000, Series 2015, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2035. Interest varies from 2.00% to 3.50% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2022.	1,465,000	105,000
\$4,450,000, Series 2015, Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2040. Interest varies from 2.00% to 4.125% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2023.	3,595,000	140,000
\$11,574,998, Series 2016, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2030. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2023.	6,650,000	1,315,000

\$6,705,000, Series 2016, Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Refunding Bonds, maturing annually on November 1 through 2032. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2019.	\$ 3,160,000	\$ 515,000
\$14,505,000, Series 2017, Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2037. Interest varies from 3.00% to 3.625% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2025.	10,690,000	760,000
\$4,125,000, Series 2017, Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2041. Interest varies from 3.00% to 4.25% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2025.	3,355,000	130,000
\$7,000,000, Series 2017A, Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2042. Interest varies from 2.00% to 5.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2025.	5,880,000	215,000
\$5,000,000, Series 2018, Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2043. Interest varies from 3.00% to 5.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2024.	4,115,000	180,000
\$2,470,000, Series 2019, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Refunding Bonds, maturing annually on November 1 through 2032. Interest varies from 3.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2029.	1,670,000	180,000
\$19,685,000, Series 2019, Travis County Water Control and Improvement District No. 17 Water and Sewer System Revenue Refunding Bonds, maturing annually on November 1 through 2037. Interest varies from 3.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2029.	15,435,000	930,000

\$4,500,000, Series 2019, Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on November 1 through 2044. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2025.	\$ 4,050,000	\$ 125,000
\$19,025,000 Series 2020, Travis County Water Control and Improvement District No. 17 Steiner Ranch Defined Area Unlimited Tax Refunding Bonds, maturing annually on May 1 through 2032. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on May 1, 2030.	11,035,000	1,125,000
\$6,830,000 Series 2021, Travis County Water Control and Improvement District No.17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on May 1 through 2046. Interest varies from 2.00% to 5.00% and is payable on May 1 and November 1 each year. Bonds are callable on May 1, 2027.	6,215,000	215,000
\$1,665,000 Series 2021, Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Bonds, maturing annually on May 1 through 2046. Interest varies from 2.00% to 2.25% and is payable on May 1 and November 1 each year. Bonds are callable on May 1, 2027.	1,610,000	55,000
\$13,425,000 Series 2021, Travis County Water Control and Improvement District No.17 Water and Sewer System Revenue Bonds, maturing annually on November 1 through 2046. Interest varies from 1.00% to 2.25% and is payable on May 1 and November 1 each year. Bonds are callable on November 1, 2027.	12,295,000	400,000
\$2,515,000 Series 2021A, Travis County Water Control and Improvement District No.17 Serene Hills Defined Area Unlimited Tax Bonds, maturing annually on May 1 through 2046. Interest varies from 2.00% to 4.00% and is payable on May 1 and November 1 each year. Bonds are callable on May 1, 2027.	2,280,000	80,000
Total long-term debt	<u>\$ 105,655,000</u>	<u>\$ 8,330,000</u>

The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and cover the cost of assessing and collecting taxes. These provisions have been met, and the cash allocated for these purposes is sufficient to meet debt service requirements through the fiscal year ended September 30, 2025.

The Series 1997 Bond Resolution requires the District to use fees collected from users in the Apache Shores water system for payment of the interest and principal on bonds when due.

As of September 30, 2025, the debt service requirements to maturity on the long-term debt outstanding is as follows:

Fiscal Year	Principal	Interest	Total Requirement
2026	\$ 8,330,000	3,155,236	11,485,236
2027	8,885,000	2,857,100	11,742,100
2028	9,060,000	2,561,748	11,621,748
2029	9,400,000	2,260,423	11,660,423
2030	9,745,000	1,953,909	11,698,909
2031-2035	28,445,000	6,498,155	34,943,155
2036-2040	18,190,000	3,036,651	21,226,651
2041-2045	11,490,000	981,713	12,471,713
2046-2047	2,110,000	47,876	2,157,876
Total	<u>\$ 105,655,000</u>	<u>23,352,811</u>	<u>129,007,811</u>

At September 30, 2025, unlimited tax bonds of \$23,145,000 were authorized by the District, but unissued. Of this amount, \$20,580,000 represents unissued Serene Hills Defined Area Bond authority, and \$2,565,000 represents Flintrock Ranch Estates Defined Area Bond authority.

8. Leases

The District leases vehicles under a master equity lease agreement. The lease term begins upon delivery of the vehicle, and the leases have an initial term ranging from twelve to sixty months, with the option to continue month-to-month for an unlimited period of time. Payments are due monthly and range from \$484 to \$1,176.

As of September 30, 2025, the value of the lease liability is \$83,773. The lease has interest rates ranging from 0.49% to 3.72%. The value of the right-to-use asset as of September 30, 2025 is \$80,676, net of accumulated amortization of \$227,470.

Future minimum lease payments as of September 30, 2025, are as follows:

Year Ended September 30,	Principal	Interest	Total
2026	\$ 49,038	1,858	50,896
2027	25,979	849	26,828
2028	8,756	70	8,826
Total	<u>\$ 83,773</u>	<u>2,777</u>	<u>86,550</u>

9. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Travis Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

The combined tax rate was \$0.0533 per \$100 assessed valuation District-wide, except for the Steiner Ranch Defined Area, Flintrock Ranch Estates Defined Area, and the Serene Hills Defined Area. The Steiner Ranch Defined Area, Flintrock Ranch Estates Defined Area, and Serene Hills Defined Area had additional tax rates of \$0.1531, \$0.2360, and \$0.5175 per \$100 assessed valuation, respectively. The total 2024 tax levy was \$15,264,046 based on a taxable valuation of \$15,457,338,082.

10. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 11.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated the authority to assign fund balance for a specific purpose to the General Manager of the District.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

11. Impact Fees

In July 1984, the District's Board voted for an amendment to the District's Rules and Policies which provides for the assessing of certain fees from developers in the area serviced by the District. These fees are kept separate from other revenue of the District and are used for the purpose of constructing improvements to the District's water treatment, storage, pumping and transmission facilities.

In December 1987, the District and Steiner Ranch Development Corporation (the "Developer") entered into an annexation agreement. In May 1988, the voters of the District approved the issuance of Defined Area Bonds for the annexed land. The issuance of the Defined Area Bonds is for payment and reimbursement to the Developer for a portion of all costs to provide water, sewer and drainage facilities for the annexed land. The District cannot issue new Steiner Ranch Defined Area debt if the tax rate for payment of debt service on the Defined Area Bonds is greater than \$0.89 minus the District-wide tax rate per \$100 assessed valuation.

In 2000, the District created the Flintrock Ranch Estates Defined Area. The voters of the District approved the issuance of Defined Area Bonds for the annexed land. The issuance of the Defined Area Bonds is for payment and reimbursement to the Developer for a portion of all costs to provide water, sewer and drainage facilities for the annexed land. The District cannot issue new Flintrock Ranch Estates Defined Area debt if the tax rate for payment of debt service on the Defined Area Bonds is greater than \$0.65 minus the District-wide tax rate per \$100 assessed valuation.

The District's Board has regularly reviewed and approved Land Use Assumptions and Capital Improvements Plans for Water and Wastewater for all regions of the District. By doing so they have approved Water and Wastewater Impact Fees. These fees are kept separate from other revenue of the District and are used for the purpose of constructing improvements to the District's Water and Wastewater treatment, storage, pumping and transmission facilities. At September 30, 2025, the District had committed fund balance related to these impact fees of \$2,412,001.

12. Deferred Compensation Plans

The District offers its employees a deferred compensation plan established in accordance with Internal Revenue Code 457 and a deferred compensation plan established in accordance with Internal Revenue Code 401(a). Assets and income of the District's plans are held in custodial accounts with a bank for the exclusive benefit of participants and their beneficiaries. Accordingly, the plans' assets and liabilities are not recorded in the District's basic financial statements.

13. Risk Management

The District's risk management program includes coverage through third party insurance providers for automobile liability, director and officer liability, public official position liability, and general liability. Losses in excess of the various deductible levels are covered through traditional indemnity coverage. Settled claims have not exceeded insurance limits for the past three years.

14. Commitments and Contingencies

The District has entered into construction contracts for the following projects as of September 30, 2025:

Project Name	Remaining Commitments
MWTP Emergency Diesel Generator	\$ 383,930
Storage Tank Rehab	267,300
Flintrock and Serene Hills Effluent Improvements Phase 2	19,548
Flintrock Effluent Improvements Phase 1	14,010
Total remaining commitments	<u>\$ 684,788</u>

The District has entered into several agreements between the District and contractors for construction and engineering expenses related to various projects.

15. Water and Wastewater Contracts

Contract 59757/68356

On May 23, 2001, the District entered into a contract with the Lower Colorado River Authority (the "LCRA") for the right to divert up to 8,800 acre-feet (2,867,920,000 gallons) of raw water per annum from Lake Travis in Travis County, Texas. This contract was amended on April 7, 2011. Water supplied under this contract will be utilized for municipal uses only. The term of the contract was 50 years, ending on May 23, 2051. On April 18, 2024, Contract 68356 was executed as a replacement for Contract 59757 with the same general terms, to be effective beginning June 2024. Contract 68356 has a term of 40 years, ending in June 2064.

On a monthly basis, the District agrees to pay an amount equal to the water rate determined by the Board of Directors of the LCRA to then be in effect for all sales of water for municipal purposes times the amount of water diverted during the previous month. On a calendar year basis, the District agrees to pay an amount equal to the rate determined by the Board of Directors of the LCRA, to then be in effect for diversion of water in amounts in excess of the maximum annual quantity (the "Inverted Block Rate"). As of September 30, 2025, the raw water rate was \$165/acre-feet of water and the Inverted Block Rate was \$330/acre-feet of water. During the current fiscal year, the District incurred costs of \$1,493,112 in relation to Contracts 59757 and 68356 with the LCRA.

Contract 8000287348

On August 16, 2013, the District entered into a contract with the LCRA for the right to divert up to 494 acre-feet of raw water per annum from Lake Travis in Travis County, Texas. Water supplied under this contract will be utilized for recreational uses only. The term of the contract is 10 years. The First Amendment to this contract was approved on September 18, 2023 which extended the contract out to April 30, 2024. As of May 1, 2024, this contract is no longer valid.

West Travis County Public Utility Agency

On May 10, 2007, the District entered into a Wholesale Wastewater Service Agreement with the LCRA. The First Amendment to the agreement was approved on January 6, 2009. In addition, on February 16, 2012, the District consented to the assignment of this agreement from the LCRA to the West Travis County Public Utility Agency (the “PUA”). In accordance with the agreement, the PUA agrees to collect, treat and dispose of wastewater originating from the Falconhead West development. The PUA will provide up to a maximum monthly flow rate of 100 gallons per minute and a peak flow rate of 400 gallons per minute. The District has installed flow meters to accurately account for the flow of wastewater to the PUA. The PUA will establish rates, charges and fees for the service provided under the agreement. As of September 30, 2025, the minimum monthly fee being charged to the District was \$20,051. The District is also charged \$5.26 per 1,000 gallons of actual flow through the meters. During the current fiscal year, the District incurred \$381,709 in charges related to this agreement for wastewater delivered to the PUA.

Lakeway Municipal Utility District

On December 23, 2005, the District entered into an Agreement for Wholesale Wastewater Service with Lakeway Municipal Utility District (“Lakeway”). The First Amendment to the agreement was approved on December 17, 2009. In accordance with the agreement, Lakeway commits and agrees to accept and treat up to 600 living unit equivalents (LUEs), as defined in the agreement, of wastewater from development within the District. The purchase price to be paid by the District for each LUE is \$8,000. As of September 30, 2025, the District had purchased 502.5 LUEs from Lakeway. Lakeway charges a monthly volume charge for wastewater that flows through the meter. As of September 30, 2025, the current volume charge is \$11.58 per 1,000 gallons of flow. During the current fiscal year, the District paid Lakeway \$290,681 for volume charges in relation to actual wastewater flows.

APPENDIX C

FORM OF BOND COUNSEL'S 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.]*

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 17
WATER AND SEWER SYSTEM REVENUE BONDS,
SERIES 2026**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$16,100,000

AS BOND COUNSEL FOR TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 (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 resolution of the Board of Directors of the District adopted on April 16, 2026* authorizing the issuance of the Bonds and the pricing certificate executed by the pricing officer as designated in the resolution (the "Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, and other documents authorizing and relating to the issuance of said Bonds, including 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 together with the Outstanding Bonds and any Additional Bonds, from Net Revenues of the District's System. Such pledge of Net Revenues 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 the Net Revenues; bonds, notes and other obligations of inferior liens; and bonds payable from other resources including ad valorem taxes, contracts with other persons, including private corporations, municipalities, and political subdivisions as further provided in the Resolution.

* Preliminary, subject to change.



IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. 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 or corporate 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 the Verification Report of Public Finance Partners LLC and 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 if the District fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of 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 purposes 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 AService@); 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.

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. 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.

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 Net Revenues of the System 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,