PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 7, 2023

NEW ISSUE - BOOK-ENTRY ONLY

Moody's Investor Services, Inc. "Baa3" See "MUNICIPAL BOND RATING" herein

Due: as shown on inside cover

CUSIP: See inside cover

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

THE DISTRICT WILL NOT DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

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

\$9,260,000* LIMITED AD VALOREM TAX BONDS, SERIES 2023A \$8,475,000* LIMITED AD VALOREM TAX ROAD BONDS, SERIES 2023B

Dated: September 1, 2023 (interest to accrue from Date of Delivery, defined below)

The above captioned Limited Ad Valorem Tax Bonds, Series 2023A (the "Series 2023A Bonds") and the Limited Ad Valorem Tax Road Bonds, Series 2023B (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds") when issued, will constitute valid and legally binding special obligations of the Westpointe Special Improvement District (the "District"), and will be payable from the proceeds of an annual ad valorem tax, within legal limitations as described herein, levied against all taxable property within the District.

THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS." NEITHER THE FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF TEXAS; BEXAR COUNTY, TEXAS (the "County"); THE CITY OF SAN ANTONIO, TEXAS (the "City"); NOR ANY POLITICAL SUBDIVISION OTHER THAN THE DISTRICT ARE PLEDGED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS. See "THE DISTRICT – General" and "THE DISTRICT – Bexar County Commissioners Court's and the County's Limited Involvement with the Issuance of the Bonds," and "MANAGEMENT".

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially U.S. Bank Trust Company, National Association, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the Date of Delivery, and is payable each February 15 and August 15, commencing February 15, 2024 until maturity or prior redemption. Interest will be payable on the basis of a 360-day calendar year of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as described herein. See "THE BONDS – Redemption Provisions."

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds. Purchasers of beneficial interests in the Bonds will not receive physical certificates representing their beneficial interests in the Bonds. See "APPENDIX D – Book-Entry-Only System."

The Bonds are issued pursuant to the constitution and general laws of the State of Texas, including particularly Article III, Section 52, Texas Constitution, Chapter 382, Local Government Code, as amended, an election held on May 4, 2019, and respective resolutions authorizing each series of Bonds to be adopted by the District's Board of Directors on September 14, 2023 (the "Resolutions"). See "THE BONDS – Authority for Issuance."

Proceeds from the sale of the Series 2023A Bonds will be used to reimburse the Developers (defined herein) for (i) creation costs of the District, (ii) certain public improvements, including utilities, and (iii) paying costs of issuance of the Series 2023A Bonds. See inside cover page for maturity schedule, interest rates, initial yields, CUSIP numbers, and redemption provisions.

Proceeds from the sale of the Series 2023B Bonds will be used to reimburse the Developers (defined herein) for certain public improvements, including roads, and to pay costs of issuance of the Series 2023B Bonds. See inside cover page for maturity schedule, interest rates, initial yields, CUSIP numbers, and redemption provisions.

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon certain exemptions provided thereunder, or the securities laws of any other jurisdiction.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE BONDS. THE BONDS INVOLVE A SUBSTANTIAL DEGREE OF RISK, AND PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT, INCLUDING IN PARTICULAR THE SECTIONS ENTITLED "THE BONDS – SOURCE OF PAYMENT" AND "RISK FACTORS." PROSPECTIVE PURCHASERS SHOULD CAREFULLY EVALUATE THE RISKS AND MERITS OF INVESTMENT IN THE BONDS, SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF INVESTMENT IN THE BONDS BEFORE CONSIDERING A PURCHASE OF THE BONDS.

The Bonds are offered by the Underwriter named below, subject to prior sale, when, as, and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval by the Attorney General of Texas and the opinions of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel; Davidson Troilo Ream & Garza, P.C., San Antonio, Texas, General Counsel and Winstead PC, San Antonio, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Locke Lord LLP, Dallas, Texas, counsel to the Underwriter. Delivery of the Bonds through DTC is expected on or about September 28, 2023 (the "Date of Delivery").

FMSBONDS, INC.

^{*} Preliminary, subject to change.

\$9,260,000* WESTPOINTE SPECIAL IMPROVEMENT DISTRICT LIMITED AD VALOREM TAX BONDS, SERIES 2023A

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS (BASE NO. _______), AND REDEMPTION PROVISIONS

Maturity	Principal	Interest	Initial	CUSIP	Maturity	Principal	Interest	Initial	CUSIP
(August 15)	Amount	Rate (%)	Yield (%)	Suffix (1)	(August 15)	Amount	Rate (%)	Yield (%)	Suffix (1)
2024	\$ 235,000				2037	\$ 340,000			
2025	190,000				2038	355,000			
2026	200,000				2039	375,000			
2027	210,000				2040	390,000			
2028	220,000				2041	410,000			
2029	230,000				2042	430,000			
2030	240,000				2043	455,000			
2031	255,000				2044	480,000			
2032	265,000				2045	500,000			
2033	280,000				2046	530,000			
2034	290,000				2047	555,000			
2035	305,000				2048	585,000			
2036	320,000				2049	615,000			

(Interest accrues from the Date of Delivery to the Underwriter).

(1) CUSIP numbers are included solely for the convenience of owners of the Bonds. 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 District, the Financial Advisor nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem the Series 2023A Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS - Optional Redemption".

^{*} Preliminary, subject to change.

\$8,475,000* WESTPOINTE SPECIAL IMPROVEMENT DISTRICT LIMITED AD VALOREM TAX ROAD BONDS, SERIES 2023B

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS (BASE NO. _______), AND REDEMPTION PROVISIONS

Amount Rate (%) Yield (%) Suffix (1) Amount Rate (%) Yield (%) Suffix (1)	Maturity	Principal	Interest	Initial	CUSIP	Maturity	Princip al	Interest	Initial	CUSIP
2025 170,000 2038 325,000 2026 175,000 2039 345,000 2027 185,000 2040 360,000 2028 200,000 2041 380,000 2029 210,000 2042 395,000 2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	(August 15)	Amount	Rate (%)	Yield (%)	Suffix (1)	(August 15)	Amount	Rate (%)	Yield (%)	Suffix (1)
2026 175,000 2039 345,000 2027 185,000 2040 360,000 2028 200,000 2041 380,000 2029 210,000 2042 395,000 2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2024	\$ 210,000				2037	\$ 310,000			
2027 185,000 2040 360,000 2028 200,000 2041 380,000 2029 210,000 2042 395,000 2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2025	170,000				2038	325,000			
2028 200,000 2041 380,000 2029 210,000 2042 395,000 2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2026	175,000				2039	345,000			
2029 210,000 2042 395,000 2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2027	185,000				2040	360,000			
2030 220,000 2043 415,000 2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2028	200,000				2041	380,000			
2031 230,000 2044 440,000 2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2029	210,000				2042	395,000			
2032 245,000 2045 460,000 2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2030	220,000				2043	415,000			
2033 255,000 2046 485,000 2034 270,000 2047 510,000 2035 280,000 2048 540,000	2031	230,000				2044	440,000			
2034 270,000 2047 510,000 2035 280,000 2048 540,000	2032	245,000				2045	460,000			
2035 280,000 2048 540,000	2033	255,000				2046	485,000			
	2034	270,000				2047	510,000			
2036 295,000 2049 565,000	2035	280,000				2048	540,000			
	2036	295,000				2049	565,000			

(Interest accrues from the Date of Delivery to the Underwriter).

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OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem the Series 2023B Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS - Optional Redemption".

^{*} Preliminary, subject to change.

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT BOARD OF DIRECTORS*

Name	Title	Term Expires	Occupation
Frank Cannon	President	June 2024	Self Employed/Construction
Thomas Garza	Secretary	June 2023	Biologist
Daniel Barrera	Director	June 2023	Structural Engineer
Salah E. Diab	Director	June 2023	Executive Engineer Consultant
Derrick Howard	Director	June 2024	Executive Director
VACANT	Director		
VACANT	Director		

^{*} The directors are appointed by the Bexar County Commissioners Court (the "Court") to staggered two-year terms expiring on June 1st of each respective expiration year. To be eligible for appointment as a director, a person must be at least 18 years old and reside in the District. Once the District reaches a population of 1,000, such person must also reside in the District and either (1) own property in the District, (2) own stock of a corporate owner of property in the District, (3) own a beneficial interest in a trust that owns property in the District, or (4) be an agent, employee or tenant of (1)-(3) above. Pursuant to Article 16, Section 17, Texas Constitution, the current directors will continue to serve until replaced by the Court, notwithstanding the expiration of their stated terms.

PROFESSIONAL CONSULTANTS

Hilltop Securities Inc., San Antonio and Dallas, Texas	Financial Advisor
Davidson, Troilo, Ream & Garza P.C., San Antonio, Texas	General Counsel
Allen Boone Humphries Robinson LLP, Houston, Texas	Bond Counsel
abip, CPA, San Antonio, Texas	Independent Auditor
U.S. Bank Trust Company, N.A., Houston, Texas	Paying Agent/Registrar

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BEXAR COUNTY

APPENDIX D - BOOK-ENTRY ONLY SYSTEM

GENERAL INFORMATION

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), and in effect on the date of this Official Statement, this document constitutes an Official Statement of the District (defined hereafter) with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer or solicitation. The information in this Official Statement is current only as of the date on its cover and may change after that date. The Underwriter is not responsible for the accuracy or completeness of this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In making an investment decision, prospective investors must rely on their examination of the qualifications of the District and the strength of each of its contractual relationships with other third parties; and the terms of the offering, including the merits and risks involved. No dealer, broker, salesperson, or other person has been authorized by the District, the Underwriter, or any of their respective affiliates, to give any information or to make any representations with respect to the Bonds or the District other than those contained in this Official Statement and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

All of the summaries of the statutes, resolutions, orders, contracts, financial statements, and 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 Davidson Troilo Ream & Garza, P.C., General Counsel to the District, 601 NW Loop 410, Suite 100, San Antonio, Texas 78216, or the District's Financial Advisor, Hilltop Securities Inc., 70 NE Loop 410, Suite 710, San Antonio, Texas 78216, by electronic mail or upon payment of reasonable handling, mailing, and delivery charges.

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 will, 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 this Official Statement until delivery of the Bonds to the Underwriter and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT Updating the Official Statement."

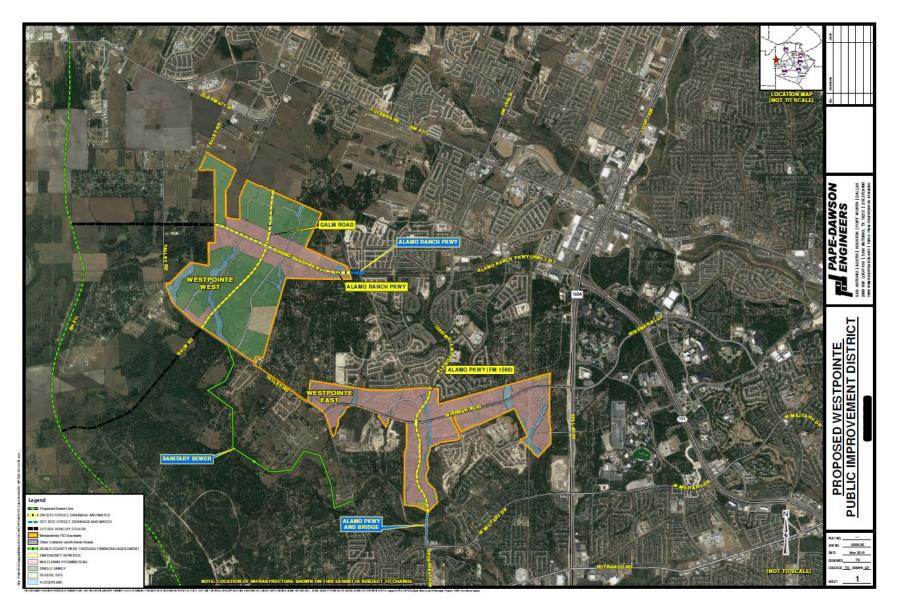
The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the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

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

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

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FIGURE 1 – DISTRICT LOCATION



SELECTED FINANCIAL INFORMATION (UNAUDITED)

2022/2023 Certified Net Taxable Assessed Valuation	\$	155,008,351 (1)
2023/2024 Certified Net Taxable Assessed Valuation	\$	354,576,108 ⁽²⁾
Direct Ad Valorem Tax Debt Outstanding	\$	17,735,000 (3)
Estimated Overlapping Debt		7,063,008
Direct Ad Valorem Tax Debt Outstanding and Estimated Overlapping Debt	\$	24,798,008
Ratio of Gross Direct Ad Valorem Tax Debt to:		
2022/2023 Net Taxable Assessed Valuation		11.44%
Ratio of Gross Direct Ad Valorem Tax Debt and Overlapping Debt to:		
2022/2023 Net Taxable Assessed Valuation		16.00%
Ratio of Gross Direct Ad Valorem Tax Debt to:		
2023/2024 Net Taxable Assessed Valuation		5.00%
Ratio of Gross Direct Ad Valorem Tax Debt and Overlapping Debt to:		
2023/2024 Net Taxable Assessed Valuation		6.99%
Average Annual Debt Service Requirements (2024-2049)	\$	1,243,243 (3)
Maximum Annual Debt Service Requirements (2039)	\$	1,248,619 (3)
Tax Rate Required to Pay Average Annual Debt Service (2024-2049) at a 99.83% Collection Rate		
Based Upon 2023/2024 Net Taxable Assessed Valuation	\$0.3	3512/\$100 A.V.
Tax Rate Required to Pay Maximum Annual Debt Service (2039) at a 99.83% Collection Rate		
Based Upon 2023/2024 Net Taxable Assessed Valuation	\$0.3	3527/\$100 A.V.
Interest and Sinking Fund Balance as of September 30, 2022	\$	-
General Fund Balance as of September 30, 2022	\$	174,191
2022/2023 District Tax Rate (per \$100 Assessed Valuation)		
Debt Service	\$	-
Maintenance and Operations		0.54161 (4)
Total Tax Rate	\$	0.54161

 $[\]overline{(1)}$ As certified by the Bexar Appraisal District as of July 23, 2022.

⁽²⁾ (3) As certified by the Bexar Appraisal District as of July 23, 2023.

Preliminary, subject to change.

⁽⁴⁾ The District has not established its fiscal year 2023/2024 tax rate and no assurance can be given with respect to the District's final tax rate. Upon the issuance of the Bonds, it is expected that the District will levy a debt service tax rate of \$0.36106 and a maintenance and operations tax rate of \$0.18053 in fiscal year 2024. The combined total tax rate is limited to the lesser of the City Rate (described herein) or \$1.00 per \$100 valuation. See "RISK FACTORS - Limited Tax" herein.



PRELIMINARY OFFICIAL STATEMENT

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

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

\$9,260,000* LIMITED AD VALOREM TAX BONDS, SERIES 2023A \$8,475,000* LIMITED AD VALOREM TAX ROAD BONDS, SERIES 2023B

This Official Statement provides certain information in connection with the issuance by Westpointe Special Improvement District (the "District") of its \$9,260,000* Limited Ad Valorem Tax Bonds, Series 2023A (the "Series 2023A Bonds) and its \$8,475,000* Limited Ad Valorem Tax Road Bonds, Series 2023B (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas (sometimes referred to herein as the "State"), Article III, Section 52, Texas Constitution, Chapter 382, Texas Local Government Code, as amended ("Chapter 382"), the Election (defined herein), Commissioners Court order authorizing the issuance of the Bonds, and resolutions of the District authorizing the issuance of the respective series of Bonds (the "Resolutions") to be adopted by the Board of Directors of the District (the "Board").

The District is a conservation and reclamation district created by an order of the Commissioner's Court of Bexar County (the "Court") on January 15, 2019, pursuant to Chapter 382, and a confirmation election for the District, held on May 4, 2019, to approve its powers and taxing authority (the "Election"). The District consists of approximately 2,382 acres of land located in Bexar County, Texas (the "County"). The District is located in the western portion of the County, west of Texas State Highway Loop 1604 and north of U.S. Highway 90 West approximately 15 miles from downtown San Antonio.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the District's undertaking to provide certain information on a continuing basis.

This Official Statement includes descriptions, among others, of the Bonds, the Resolutions, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Davidson Troilo Ream & Garza P.C., General Counsel to the District, 601 NW Loop 410, Suite 100, San Antonio, Texas 78216, and the District's Financial Advisor, Hilltop Securities Inc., 70 NE Loop 410, Suite 750, San Antonio, Texas 78216, upon payment of the cost of duplication.

RISK FACTORS

Purchase of the Bonds involves a substantial degree of risk and the Bonds are a speculative investment. Given these risks, a purchaser of the Bonds should be capable of suffering a loss of the entirety of its investment represented by the Bonds. Set forth below are certain specific risk factors associated with an investment in the Bonds that should be carefully considered by prospective investors. The following enumeration of risk factors is not intended to be, and is not, exhaustive. Additional considerations are discussed throughout this Official Statement, and inclusion under the heading, "RISK FACTORS" should not be intended to signify any such factors are more or less significant than those discussed elsewhere in this Official Statement. Prospective investors should carefully consider the following factors relating to the District, and the security for the Bonds, in addition to the other information contained in this Official Statement, before purchasing the Bonds.

^{*} Preliminary, subject to change.

LIMITED OBLIGATIONS OF THE DISTRICT

The Bonds are obligations of the District and are not obligations of the State, the County, the City of San Antonio (the "City"), or any other political entity other than the District. The Bonds will be secured by a limited continuing, direct, annual ad valorem tax, within legal limitations described herein, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. See "RISK FACTORS – Limited Tax" and "THE BONDS – Source of Payment".

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF TEXAS, THE COUNTY, THE CITY, NOR ANY POLITICAL SUBDIVISION OTHER THAN THE DISTRICT ARE PLEDGED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS.

LIMITED TAX

Pursuant to the Bexar County order approving the creation of the District, the rate of ad valorem taxes which the District may levy in any year for all purposes is limited to the lesser of the rate levied by the City for all purposes (the "City Rate") or \$1.00 per \$100 valuation. The fiscal year 2023 City Rate was \$0.54161 per \$100 valuation. On August 10, 2023, the Council of the City voted to propose a City Rate of \$0.54159 per \$100 valuation for fiscal year 2024 (the "Proposed 2024 City Rate"). After issuance of the Bonds, the average debt service requirement for all outstanding ad valorem tax bonds of the District is projected to be \$1,244,783* (2024 through 2029), and the maximum annual debt service requirement for all outstanding ad valorem tax bonds of the District is projected to be \$1,248,069*. Assuming no increase or decrease from the 2023/2024 certified taxable assessed valuation of the District of \$354,576,108, a tax rate of \$0.3611 per \$100 assessed valuation at an average of the last three years of actual collection rates (i.e., 99.83%) would be necessary to pay the maximum annual debt service requirement. The District can make no representations regarding the future level of assessed valuation within the District or property owners' ability or willingness to pay their taxes, or any future amount of the City Rate. Any increase in taxable values depends on the continuing construction and sale of homes and other taxable improvements within the District. Further, to the extent the District were to sustain a significant reduction in assessed value of property in the District, the District would not be able to increase tax rates beyond the above-described limits in order to increase property tax revenues and would affect the ability of the District to make debt service payments on the Bonds. The District has no control over future reductions in the City Rate and there is no guarantee the City Rate will not decline in future years. See "TAX DATA" herein.

The District's maximum authorized ad valorem tax rate for all purposes is limited to the lesser of the City Rate or \$1.00 per \$100 valuation. The expected maximum authorized ad valorem tax rate for the District for the current fiscal year is \$0.54159, based on the Proposed 2024 City Rate. The City is expected to hold public hearings on the Proposed 2024 City Rate on August 30, 2023 and September 7, 2023, and set the final City Rate for 2024 (the "Final 2024 City Rate") in September 2023. No assurance can be given that the Final 2024 City Rate will equal the Proposed 2024 City Rate.

DEPENDENCE UPON SIGNIFICANT TAXPAYERS

The District will depend on the timely payment of taxes by principal taxpayers in the District. Currently, the top four taxpayers in the District, three of which are residential homebuilders or holders of residential properties for rent and one of which owns commercial property in the District, are Continental Homes of Texas LP (residential), SMC Westpointe, LLC (single-family residential for rent), VHS San Antonio Partners LLC (commercial), and Pulte Homes of Texas LP (residential). These principal taxpayers own property with a taxable assessed valuation of \$143,539,200 or 40.48% of the 2023 Certified Taxable Assessed Valuation of \$354,576,108 which represents ownership as of January 1, 2023.

The ability of any significant taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District's ability to meet its debt service obligations. Further, the District would not be able to increase its ad valorem tax levy to support its debt obligations beyond or in excess of the City Rate. Additionally, the District has not covenanted in the Resolutions, nor is it required by Texas law, to maintain any particular balance in its Utility Debt Service Fund or its Road Debt Service Fund (both as defined herein) for the

respective series of Bonds or any other funds to allow for delinquencies. The District cannot guarantee the timely payment of taxes by any taxpayer nor can the District predict the future financial condition of the principal taxpayers and the likelihood that taxes will be paid in a timely manner.

FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS

Economic Factors: The stability and/or growth of taxable values in the District is directly related to the vitality of the housing, and commercial real estate industries in the area around the District, including the San Antonio metropolitan area (the "San Antonio Area"). The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, employment levels, and general economic conditions. In recent years, the San Antonio Area has experienced strong economic growth positively affecting local residential development and construction industries. The San Antonio Area, including the County, has been one of the highest growth areas in the country.

A portion of the taxable values of the District is derived from the current market value of certain developed lots and undeveloped tracts. The market value of such lots and tracts is related to general economic conditions affecting the demand for single family, multi-family, commercial, retail, and office space. Demand for lots and tracts of this type and the construction of single family, multi-family residential dwellings, and/or commercial projects thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of such lots and tracts is directed. Decreased levels of construction activity or reduced resale value of such lots and tracts would tend to restrict the growth of property values in the District or could adversely impact such values.

Future development and construction in the District is highly dependent on the availability of financing. Many lenders have become more selective in making real estate loans in the San Antonio Area. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds to potential builders and home purchasers.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 15 miles from the central downtown business district of the City, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio Area regional economy and national credit and financial markets. A downturn in the economic conditions of San Antonio Area and a further decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base.

Competition: The demand for and construction of single-family homes in the District could be affected by competition from other residential developments, including other residential developments located in the southern portion of the San Antonio Area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the San Antonio Area. Such homes could represent additional competition for new homes proposed to be sold within the District.

TAX COLLECTION LIMITATIONS AND FORECLOSURE REMEDIES

The District's ability to make debt service payments would be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming, and expensive collection procedures, (b) a bankruptcy court's stay of enforcement of liens for post-petition taxes against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property

within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "AD VALOREM TAXING PROCEDURES – District and Taxpayer Remedies."

REGISTERED OWNERS' REMEDIES AND BANKRUPTCY LIMITATIONS

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (hereinafter defined) have a right to seek a writ of mandamus requiring the District and the District's officials to observe and perform covenants, obligations, or conditions proscribed in the Resolutions. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. There is no provision for acceleration of maturity on the principal of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Based on recent Texas court decisions, it is unclear whether certain legislation effectively waives governmental immunity of governmental entities for suits for money damages. See "THE BONDS – Remedies in Event of Default." Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. 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.

CONTINUING COMPLIANCE WITH CERTAIN COVENANTS

The Resolutions contain covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Resolutions on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS".

UNCERTAIN MARKET VALUE

The market value of the Bonds may be affected by a variety of factors including, without limitation, general market conditions, the financial condition and business operations of the District, and federal and State income tax and other laws. The market value of the Bonds on the Delivery Date could be greater or less than the agreed-upon purchase price therefor by the Underwriter, and the difference could be substantial. Neither the District nor the Underwriter make any representation as to the market value of the Bonds as of or after the Delivery Date.

CONTINUING DISCLOSURE OBLIGATIONS

In connection with the issuance of the Bonds, the District has agreed in the Resolutions to provide certain annual financial information pursuant to Rule 15c2-12. Failure to comply with such continuing disclosure undertaking may adversely affect the liquidity of the Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE OF INFORMATION".

2023 LEGISLATIVE SESSION - LEGISLATION AFFECTING AD VALOREM TAXATION

The 88th Texas Legislative Session convened on January 10, 2023 and concluded on May 29, 2023. The Legislature meets in regular session in odd-numbered years, for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda.

The Governor called a special session on May 29, 2023 setting a priority to pass legislation related to property tax relief; the first special session concluded on June 27, 2023. The Governor also called a second special session which convened on June 27, 2023 and adjourned on July 13, 2023. The Governor's agenda for the second special session included "legislation to cut property-tax rates solely by reducing the school district maximum compressed tax rate in order to provide lasting property-tax relief for Texas taxpayers" and "legislation to put Texas on a pathway to eliminating school district maintenance and operations property taxes." During the second special session, the Legislature passed Senate Bill 2 ("2023 SB 2"), which was signed into law on July 24, 2023. 2023 SB2 includes provisions that, among other things, increase the school district mandatory homestead exemption from \$40,000 to \$100,000 (subject to voter approval), prohibit cities, school districts and counties that adopted a local option homestead exemption for the 2022 tax year from reducing the amount of or repealing such exemption through December 31, 2027, and place further limitations on increases in appraised values on certain classes of properties. Certain provisions of 2023 SB 2, including those increasing the residential homestead exemption to \$100,000, prohibiting the reduction or repeal of the local option homestead exemption, and placing limitations on increasing the appraised values on certain classes of properties, will be submitted to voters of the State on November 7, 2023. If the amendments are not approved by the voters, those and certain other provisions of 2023 SB 2 have no effect.

The Texas Governor may call future special legislative sessions, which could further effect ad valorem tax matters, election measures, or other matters that could adversely affect the marketability of the Bonds. The District makes no representation on any matters the Texas Legislature may take or the affect of any such actions. See "AD VALOREM TAXING PROCEDURES – Property Tax Code and County-Wide Appraisal District".

PLAN OF FINANCE

Proceeds from the sale of the Series 2023A Bonds will be used to reimburse the Developers for construction costs related to certain public improvements including utilities within the District to pay certain creation costs and to pay costs of issuing the Series 2023A Bonds.

The construction costs were compiled by the Developers, based on actual costs. Actual reimbursement requests have been reviewed in accordance with the Public Improvement Financing Agreement (defined herein) by Perez Project Consulting and will be confirmed by an independent audit conducted by McGrath and Associates, P.C. ("McGrath").

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Series 2023A Bonds

SOURCES OF FUNDS		
Par Amount of Bonds	\$	8,475,000 (1)
Net Premium		71,048.95
TOTAL SOURCES OF FUNDS	\$	8,546,049
USES OF FUNDS		
Public Road Infrastructure Costs	\$_	8,144,149
Reimbursements and Developer Interest	\$	8,144,149 (1)
Non-Construction Costs		
Costs of Issuance		274,774
Underwriter's Discount		127,125
Total Non-Construction Costs	\$	401,899
TOTAL USES OF FUNDS	\$	8,546,049

Proceeds from the sale of the Series 2023B Bonds will be used to reimburse the Developers for construction costs related to certain road improvements within the District and to pay costs of issuing the Series 2023B Bonds.

Series 2023B Bonds

SOURCES OF FUNDS		
Par Amount of Bonds	\$ 8,475,000	(1)
Net Premium	 71,048.95	
TOTAL SOURCES OF FUNDS	\$ 8,546,049	
USES OF FUNDS		
Public Road Infrastructure Costs	\$ 8,144,149	
Reimbursements and Developer Interest	\$ 8,144,149	(1)
Non-Construction Costs		
Costs of Issuance	274,774	
Underwriter's Discount	127,125	
Total Non-Construction Costs	\$ 401,899	
TOTAL USES OF FUNDS	\$ 8,546,049	

⁽¹⁾ Preliminary, subject to change. The amounts will be adjusted to include developer interest.

THE BONDS

DESCRIPTION

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Resolutions. The Resolutions authorize the issuance and sale of the Bonds and governs the terms, conditions and provisions for the payment of the principal and interest on the Bonds by the District.

The Bonds are dated September 1, 2023, with interest accruing from the Date of Delivery, and payable on February 15, 2024, and on each August 15 and February 15 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on August 15 of the years and in the amounts shown on the inside cover page of this Official Statement. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. Principal of the Bonds will be payable upon presentation of the Bonds at the principal payment office of U.S. Bank Trust Company, National Association (the "Paying Agent/Registrar"). Interest calculations are based upon a 360 day year comprised of twelve 30-day months.

The principal of the Bonds will be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar. If not then subject to the Book-Entry-Only System described below, interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed on or before the Interest Payment Date, by the Paying Agent/Registrar to the Registered Owners on the Record Date (described below under "THE BONDS – Record Date for Interest Payment"), or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of the Registered Owner, to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners. The Registered Owner ("Registered Owner") means any person who is the registered owner of any outstanding Bond as described in the Resolutions.

If the date for payment of the principal of or interest on any Bond is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding business day, as defined in the Resolutions.

BOOK-ENTRY SYSTEM

The Bonds initially will be registered in the name of Cede & Co., as nominee for DTC. DTC will act as securities depository for the Bonds. The Bonds will be available to purchasers only in book-entry form. For as long as Cede & Co. is the exclusive registered owner of the Bonds, the principal of and interest on the Bonds will be payable by the Registrar to DTC, which will be responsible for making such payments to its participants. Purchasers will not receive certificates representing their beneficial interests in the Bonds. 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 (defined below) and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Resolutions will be given only to DTC. See "APPENDIX D — "Book-Entry-Only System."

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AUTHORITY FOR ISSUANCE

Pursuant to Chapter 382, Texas Local Government Code (formerly Chapter 372, Subchapter C, Texas Local Government Code), the District held an election on May 4, 2019 (the "Election"), where the following propositions were approved as canvassed by the District on May 8, 2019:

Proposition	Purpose
A	Confirmation of the creation of the District.
В	Hotel Occupancy Taxes at a rate not to exceed the greater of the rate levied by the City or 9% and authorization to use the proceeds of the Hotel Occupancy Tax ("HOT") to secure funds for making economic development loans or grants and for operation and maintenance purposes.
С	Sales and Use Tax not to exceed 2% and authorization to use the proceeds of the Sales and Use Tax to secure funds for making economic development loans or grants and for operation and maintenance purposes.
D	Ad Valorem Tax at an unlimited rate and authorization to use the proceeds of the ad valorem tax to secure funds for making economic development loans or grants and for operation and maintenance purposes, including, but not limited to funds for planning, constructing, acquiring, maintaining, leasing, repairing, and operating all necessary land, plants, works, facilities, improvements, appliances, and equipment of the District, and for paying costs of services, engineering, and legal fees, and organization and administrative expenses and for any corporate purpose, all as authorized by the Constitution and the laws of the State of Texas.
Е	Authorization to enter into Economic Development or Grant Agreements with Developer(s) and pledges of all or part of the Hotel Occupancy Taxes, Sales and Use Taxes, and Ad Valorem Taxes collected by the District for a term of up to 30 years to induce developer or developers to promote economic development in the District.
F	\$352,776,000 bonds for road purposes and the levy of taxes to pay the bonds, authorized pursuant to Article 3, Section 52, Texas Constitution.
G	\$156,928,000 bonds for recreational facilities purposes and the levy of taxes to pay the bonds, authorized pursuant to Article 16, Section 59, Texas Constitution.
Н	\$413,678,000 bonds for wastewater, sanitary sewer, and drainage and storm sewer facilities and the levy of taxes to pay the bonds, authorized pursuant to Article 16, Section 59, Texas Constitution.
I	\$25,000,000 bonds for funding economic development or grant agreements and the levy of taxes to pay the bonds, authorized pursuant to Article 3, Section 52-a, Texas Constitution.

The District is authorized to levy a separate ad valorem tax for each constitutional purpose and will create or has created a separate debt service fund for bonds issued pursuant to each constitutional authorization. Ad valorem tax bonds are payable solely from the debt service fund created for its constitutional purpose.

The District's maximum authorized ad valorem tax rate for all purposes is limited by the County Order granting the petition for the creation of the District to the lesser of the City Rate or \$1.000 per \$100 valuation. The expected maximum authorized ad valorem tax rate for the District is currently the City Rate of \$0.54159, based on the Proposed 2024 City Rate. The City is expected to hold public hearings on the Proposed 2024 City Rate on August 30, 2023 and September 7, 2023, and set the Final 2024 City Rate in September 2023. No assurance can be given that the Final 2024 City Rate will equal the Proposed 2024 City Rate.

Although the District is authorized to levy a Sales and Use Tax, pursuant to Section 383.106(a), Local Government Code, the District may only adopt a Sales and Use Tax if as a result of adoption of the tax the combined rate of all local sales and use taxes imposed by political subdivisions having territory in the District will not exceed two percent. The current sales tax consists of 1.5% levied by the Bexar County Emergency Services District No. 2 and

\$0.570 by VIA Metropolitan Transit Authority ("VIA"); therefore, there is no capacity to levy a Sales and Use Tax for the benefit of the District and the District does not anticipate levying a Sales and Use Tax or for any Sales and Use Tax to be available for the District.

Before the Bonds can be issued, the Attorney General must pass upon the legality of certain related matters. The Texas Attorney General's office has taken the position that the Texas Constitution does not allow ad valorem tax revenues to be used for economic development purposes. Unless there is a change in the current interpretation of the law, all economic development bonds issued by the District will be payable from HOT revenues.

The Attorney General does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

RECORD DATE FOR INTEREST PAYMENT

The date for determining the person to whom the interest on the Bonds is payable on any Interest Payment Date is the close of business on the last business day of the month next preceding each Interest Payment Date (the "Record Date").

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. Such Special Record Date will be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date will be sent by United States mail, first class, postage prepaid, not later than five days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

SOURCE OF PAYMENT

The Bonds are issued pursuant to the authority granted under Article XVI, Section 59 and Article III, Section 52, Texas Constitution. The Bonds, and any other bonds subsequently issued payable in whole or in part from ad valorem taxes authorized by Article XVI, Section 59 and Article III, Section 52, Texas Constitution, are secured by and payable from the proceeds of an annual ad valorem tax levied against all taxable property located within the District subject to limitations described herein. See "AD VALOREM TAXING PROCEDURES." The District does not currently impose a Sales and Use Tax or a HOT in the District but to the extent the District imposes a HOT in the future, if and when such HOT revenues are available, such revenues may be used (but are not pledged) for payment of debt service on the Bonds.

The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, the County, the City, or any political subdivision or entity other than the District.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF TEXAS, BEXAR COUNTY, TEXAS NOR ANY POLITICAL SUBDIVISION OTHER THAN THE DISTRICT ARE PLEDGED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS.

PERFECTED SECURITY INTEREST

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the District under the Resolutions and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the District under the Resolutions is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Registered Owners of the Bonds a security interest in such pledge, the District agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

DEBT SERVICE FUNDS; TAX PLEDGE

Debt Service Fund: The Series 2023A Resolution creates the District's Utility Debt Service Fund (the "Utility Debt Service Fund"). The Series 2023B Resolution creates the District's Road Debt Service Fund (the "Road Debt Service Fund"). The Utility Debt Service Fund and the Road Debt Service Fund are collectively referred to as the "Debt Service Funds". The District is obligated to deposit into the Debt Service Funds, as collected, all ad valorem taxes levied, assessed and collected for and on account of the Bonds authorized by the Resolutions. Such taxes levied each year include a continuing direct annual ad valorem tax upon all taxable property in the District at a rate sufficient to pay debt service on the Bonds and all other outstanding road or utility bonds as applicable, but in no event may the District levy ad valorem taxes for all purposes that exceed the lesser of the City Rate, or \$1.00 per \$100 valuation of taxable property within the District. Amounts on deposit in the Debt Service Funds may also be used to pay the fees and expenses of the Paying Agent/Registrar and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the respective Bonds and any road or utility bonds payable from ad valorem taxes. See "THE BONDS - Authority for Issuance," and "TAX DATA" herein. When and if levied, the District may use the revenue from its Sales and Use Tax for payment of the Bonds, but revenue from its Sales and Use Tax. See "THE BONDS - Authority for Issuance."

REDEMPTION PROVISIONS

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, ____, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on August 15, ____, or any date thereafter, at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Registrar will treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. The Registrar will select the particular Bonds to be redeemed within any given maturity by lot or other random selection method. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with the provisions of the Resolutions, will authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered. Reference is made to the Resolutions for complete details concerning the manner of redeeming the Bonds.

Notice of Redemption; Effect of Redemption: Notice of any redemption identifying the Bonds to be redeemed in whole or in part will be given by the Registrar at least 30 days prior to the date fixed for redemption by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. Such notices will state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given will be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision must be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed will be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

REGISTRATION, TRANSFER, AND EXCHANGE

So long as any Bonds remain outstanding, the Registrar will keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Registrar will provide for the registration and transfer of Bonds in accordance with the terms of the Resolutions.

In the event the Book-Entry-Only System should be discontinued, each Bond will be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond in proper form for transfer, the Registrar has been

directed by the District to authenticate and deliver in exchange therefore, to the extent possible and under reasonable circumstances within three business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds will be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered will be entitled to the benefits and security of the Resolutions to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Registrar will be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the 30-day period prior to the date fixed for redemption of such Bond.

The District or the Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange will be paid by the District.

REPLACEMENT OF PAYING AGENT/REGISTRAR

Provision is made in the Resolutions for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar must act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District must be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

REMEDIES IN EVENT OF DEFAULT

In addition to all of the rights and remedies provided by laws of the State of Texas, the District has agreed that in the event of default in payment of principal or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into either of the Utility Debt Service Fund or its Road Debt Service Fund or any other fund or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Resolutions, the Registered Owners will be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in the Resolutions.

The Texas sovereign immunity doctrine includes two distinct principles: immunity from suit and immunity from liability. With regard to breach of contract claims against the State, Texas courts have held that when the State enters into a contract with a private party, it waives immunity from liability but not immunity from suit. Immunity from suit deprives a court of subject matter jurisdiction, and can only be waived as specifically provided for by the State legislature, either by statute or by special resolution. The Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of immunity from suit must be provided for by a statue in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued" or "plead and be impleaded," in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act applies to districts and relates to contracts entered into by districts for good or services. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property.

In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Certain traditional legal remedies also may not be available. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy Limitations." Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The Bonds are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for public funds of cities, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are also eligible under the Public Funds Collateral Act, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments of such entity's funds or to be eligible to serve as collateral for their funds.

The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations, or investment criteria that might affect the legality or suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

DEFEASANCE

The Resolutions provide for the defeasance of the Bonds in any matter permitted by law. Under existing Texas law, the Bonds may be defeased when the payment of the principal of and redemption premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Obligations, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolutions provide that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) 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 are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) 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 are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. Because the Resolutions do not contractually limit defeasance investments, Owners will be deemed to have consented to defeasance with other investments even if such investments are not of the quality currently permitted by law. Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding or unpaid. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for

redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of reservation be included in any redemption notices that it authorizes.

THE DISTRICT

GENERAL

The District is a public improvement district created by an order of the Court on January 15, 2019, pursuant to Chapter 382, Texas Local Government Code, as amended, ("Chapter 382"), and a confirmation election for the District, held on May 4, 2019, to approve its powers and taxing authority. The rights, powers, and privileges are established by Article III, Sections 52 and 52-a, and Article XVI, Section 59, of the Texas Constitution and Chapters 380, 381, 382, and 383 of the Texas Local Government Code, as amended.

The District is comprised of 2,382 acres. Land within the District was originally owned by SPH Culebra, Ltd; Campbelton Road, Ltd; Vise Oaks I, Ltd; and Becker Ranch, Ltd (collectively referred to as "Major Landowner"). The Major Landowner has sold approximately 106 acres to Pulte Homes of Texas, L.P. ("Pulte") and approximately 680.73 acres (with an additional 442.58 acres under contract) to Continental Homes of Texas, L.P. ("Continental") (collectively referred to as "Developers"). Pulte and Continental have developed and expect to develop their acreage in the District. See "DEVELOPMENT WITHIN THE DISTRICT" below and "THE DEVELOPERS."

The District is empowered, among other things, to exercise the powers of a road district; construct water, wastewater, and drainage facilities; enter into economic development agreements; levy ad valorem, hotel occupancy, and sales and use taxes; borrow money; and issue bonds and other obligations. The District is governed by a seven member Board who are appointed by the Bexar County Commissioners Court to staggered two-year terms. To be eligible for appointment as a director, a person must be at least 18 years old and reside in the District. Once the District reaches a population of 1,000, such person must also reside in the District and either (1) own property in the District, (2) own stock of a corporate owner of property in the District, (3) own a beneficial interest in a trust that owns property in the District, or (4) be an agent, employee or tenant of (1)-(3) above.

The San Antonio Water System ("SAWS") provides sewer and water service to the District per certain Utility Services Agreements by and between SAWS and the Major Landowner, effective as of May 19, 2013 and August 14, 2020.

BEXAR COUNTY COMMISSIONERS COURT'S AND COUNTY'S LIMITED INVOLVEMENT WITH THE ISSUANCE OF THE BONDS

Pursuant to Chapter 382, the District is required to receive approval from the Court when incurring debt, including the Bonds.

This approval granted by the Court is not to be construed as (i) a representation or warranty by the County that the Bonds will be paid or that any obligations assumed by any of the parties will, in fact, be performed, (ii) a pledge of the faith and credit of or by the County; additionally, the fact that the Court has approved the Bonds as required by Chapter 382, Local Government Code, may not, in any event be used as a sales device with respect to the Bonds, nor shall such approval be construed as a representation or warranty by the County concerning the validity of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWERS OF THE COUNTY ARE PLEDGED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS. The Court's involvement with the issuance of the Bonds is limited to the appointment and reappointment of the Board, and the statutorily required approval for the issuance of any debt by the District. Additionally, neither the County nor any members of the Court were requested to participate, nor did either take part, in the preparation of the Official Statement prepared or used in the issuance and sale of the Bonds, nor has either assumed any responsibility with respect thereto or undertaken independently to verify the information contained therein; furthermore, in the Court's order approving the issuance of the Bonds, the Court has expressly disclaimed any potential federal or state securities liability based on any potential claims submitted pursuant to then applicable federal or state securities laws relating the issuance of the Bonds.

DESCRIPTION AND LOCATION

The District is located in the western portion of the County west of Texas State Highway Loop 1604 and north of U.S. Highway 90 West, approximately 15 miles from downtown San Antonio. The District boundaries are located in the Northside Independent School District and Medina Valley Independent School District. With many large employers, close proximity to Port San Antonio and Brooks City Base, the area attracts many military families, middle-class and first-time home buyers.

MASTER DEVELOPMENT PLAN

The District consists of approximately 2,382 acres of land located in Bexar County. The master planned development is expected to include 5,191 residential lots and approximately 1,140 acres of commercial and multifamily development.

DEVELOPMENT WITHIN THE DISTRICT

To date, approximately 2,453 lots within the District have been developed by Continental (a subsidiary of D.R. Horton) as a single-family residential subdivision called Riverstone at Westpointe. See "THE DEVELOPERS". As of August 17, 2023, 933 homes were complete (933 occupied and 0 unoccupied), 241 were under construction, and 1,279 lots were developed and vacant. The remaining land within Riverstone includes 2,289 expected lots to be developed.

					Homes	
	Type of		Number		Under	Vacant
<u>Section</u>	<u>Development</u>	Acreage	of Lots	Complete	Construction	Lots
Riverstone Unit C1	Single Family	17.39	82	72	0	10
Riverstone Unit C2	Single Family	11.55	59	59	0	0
Unit C3	Single Family	25.18	52	52	0	0
Unit C4	Single Family	19.73	101	99	0	2
Unit C5	Single Family	28.13	144	46	68	30
Unit C6	Single Family	20.33	102	101	1	0
Unit D1	Single Family	18.89	94	91	0	3
Unit D2	Single Family	20.90	108	108	0	0
Unit D3PH1	Single Family	6.55	37	37	0	0
Unit D3PH2	Single Family	13.67	91	91	0	0
Unit E1	Single Family	35.57	125	49	65	11
Unit E2 & E3	Single Family	25.81	153	0	20	133
Unit E4 & E5	Single Family	20.81	134	125	9	0
Unit B1	Single Family	32.91	95	3	78	14
Unit B2	Single Family	36.41	141	0	0	141
Unit B3 & B5	Single Family	22.69	140	0	0	140
Unit B4 & B6	Single Family	23.32	133	0	0	133
Unit B7	Single Family	37.16	101	0	0	101
Unit A1	Single Family	26.32	91	0	0	91
Unit A2	Single Family	21.76	91	0	0	91
Unit A3 & A4 &A5	Single Family	62.52	184	0	0	184
Unit A6 & A7	Single Family	37.81	<u> 195</u>	0	0	<u> 195</u>
Subtotal		565.41	2,453	933	241	1,279

Lots to be developed 2,289

Total Lots 4,742

To date, approximately 285 lots within the District have been developed by Pulte as a single-family residential subdivision called Bison Ridge at Westpointe. See "THE DEVELOPERS". As of August 17, 2023, 59 homes were completed (59 occupied and 0 unoccupied), and 226 lots were developed and vacant. The remaining land within the Bison Ridge includes 164 lots to be developed.

					Homes	
	Type of		Number		Under	Vacant
<u>Section</u>	<u>Development</u>	<u>Acreage</u>	of Lots	<u>Complete</u>	Construction	Lots
1	Single Family		143	59	0	84
2	Single Family		142	0	0	142
3	Single Family		<u>164*</u>	_0	_0	_0
Subtotal			449	59	0	226
Lots to be developed		164				
Total Lots		449				

^{*}To commence development in first quarter of 2024.

PUBLIC IMPROVEMENT FINANCING AGREEMENT

The District entered into a Public Improvement Financing Agreement dated May 21, 2019, with the Major Landowner and the Country, for certain limited purposes. The Major Landowner entered into a Contract for Sale (the "Continental Contract") with Continental dated December 10, 2019 for the purchase of approximately 1,123.315 acres of land within the District pursuant to the Continental Contract. Continental agreed to purchase such property in various "takedown tracts" over time. To date, Continental has purchased 680.73 acres. In the Continental Contract, the Major Landowner assigned its Development Rights, including any agreements relating to the District (as defined in the Continental Contract). The Major Landowner and Continental also entered into a Partial Assignment of Public Improvement Financing Agreement dated January 20, 2020 wherein the Major Landowner assigned its rights under the Public Improvement Financing Agreement relating to the public improvements constructed by Continental in the District.

The Major Landowner entered into a Contract for Sale (the "Pulte Contract") with Pulte dated September 25, 2020 for the purchase of approximately 106 acres. In the Pulte Contract, the Major Landowner agreed to assign its reimbursement rights under the Public Improvement Financing Agreement to Pulte related to certain improvements identified in the Pulte Contract by the execution of a Partial Assignment of Public Improvement Financing Agreement dated November 17, 2020 between such parties.

The Parties to the Public Improvement Financing Agreement agreed that the District shall undertake the development and construction of Public Improvements necessary to serve the District; the District will reimburse the Developers for funds expended for Public Improvements from all available revenues. To the extent provided by law, the District agrees in the Public Improvement Financing Agreement to levy and collect (a) an ad valorem property tax equal to the lesser of the tax rate set by the City or a rate of \$1.00 per \$100 valuation; (b) a sales and use tax at a rate not to exceed 2.0% per taxable sale within the District; and (c) a hotel occupancy tax at a rate not to exceed the greater of the rate levied by the City or 9% of each taxable hotel stay; and pledges these tax revenues, if and when collected to the reimbursements of Public Improvements.

The ad valorem taxes will be applied by the District in the following order:

- (1) any reasonable and direct operation costs of the District including tax collection fees, operation costs, insurance for the Board, professional fees, audit expenses, and organizational expenses ("Administration Expenses");
- (2) any District indemnity obligation to the County;

in order (i) any reimbursement to the Developers for any remaining unreimbursed cost of Administrative Expenses paid by the Developers plus interest as proscribed in the Public Improvement Financing Agreement (including those Administrative Expenses to be reimbursed by the proceeds of the sale of the Bonds); (ii) any reimbursement to the Developers for any remaining unreimbursed cost of Public Improvements paid by the Developers plus interest as proscribed in the Public Improvement Financing Agreement (including those Public Improvements to be reimbursed by the proceeds of the sale of the Bonds); then (iii) cost of any Public Improvement necessary to be constructed by the District. The District will only pay for the Public Improvements that are not a reimbursement to the Developers from the ad valorem taxes after the Developers has been fully reimbursed for all Public Improvements plus interest. In the event bonds are issued, the bonds shall be a general obligation of the District payable from taxes pledged to the bonds with a first lien on any pledged taxes of the District.

The term of the Public Improvement Financing Agreement is 30 years from the date of execution (May 21, 2019) or until the transactions contemplated in the Public Improvement Financing Agreement are consummated, whichever occurs first. The District's reimbursement obligations may be paid from bond proceeds secured by the ad valorem taxes authorized including the Bonds.

The District currently does not impose a hotel occupancy tax. Although the District was authorized to levy a Sales and Use Tax, other taxing entities levy sales and use taxes within the District at the maximum allowable rate under State law. Accordingly, Sales and Use Tax is not available to the District and the District does not anticipate the Sales and Use Tax to be available for the benefit of the District. See "THE BONDS – Authority for Issuance."

ANNEXATION

The City and the original property owners of the property within the District, which includes the Major Landowner, entered into a "Development Agreement" (the "Development Agreement"). Pursuant to the Development Agreement, the property owners and City agree to postpone full purpose annexation of the District into the City limits for thirty (30) years.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of an agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

At the completion of the Development Agreement term on January 15, 2049, the City may annex the District if there has been no default or early termination as a result of not meeting the obligations described above. If the Development Agreement expires or there is a default, the City may annex the entire territory of the District, and the City must assume the District's assets, but is not liable for the District's debt or other obligations. If the City annexes the District, sufficient taxes will be levied in 2049 to pay the final maturity on the Bonds. The District remains in existence after the territory is annexed for the purpose of collecting any taxes or assessments authorized by the County and imposed by the District before annexation. Taxes or assessments collected after annexation must be used by the District solely for the purpose of satisfying any pre-existing District debt or other obligation. After the debt or other obligations have been discharged, or two years have expired since the date of the annexation, the District is dissolved and any outstanding debt or obligations are extinguished. If the District is partially annexed, the County may authorize the District to impose an ad valorem tax, hotel occupancy tax, or sales and use tax, or collect an assessment in the area that the City overlaps the District. The District may continue to impose a tax in an area that the City annexes for limited purposes and in which the City does not impose taxes. If the City annexes an area for

limited purposes and imposes some of the taxes which the District is imposing but not all of them, the District may continue to impose taxes only to the extent that the level of taxation of the City and the District combined, calculating the hotel occupancy tax, and the ad valorem tax independently, is equal to or less than the tax level of the City as to fully annexed areas.

EMERGENCY SERVICES DISTRICT

The District lies in the service area of the Bexar County Emergency Services District No. 2 which provides fire protection services.

MANAGEMENT

BOARD OF DIRECTORS

The District is governed by a seven member Board, which has control over and management supervision of all affairs of the District. The directors are appointed by the Bexar County Commissioner's Court. The directors and officers of the District are listed on page ii hereof.

TAX ASSESSOR/COLLECTOR

Land and improvements in the District are being appraised for taxation by the Bexar Appraisal District. The District contracts with the Bexar County Tax Assessor-Collector to act as Tax Assessor/Collector for the District.

BOND COUNSEL

Allen Boone Humphries Robinson LLP, Houston, Texas, serves as "Bond Counsel" to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Allen Boone Humphries Robinson LLP represents the Financial Advisor and the Underwriter in matters unrelated to the issuance of the Bonds.

GENERAL COUNSEL

Davidson Troilo Ream & Garza, P.C., San Antonio, Texas, serves as "General Counsel" to the District.

FINANCIAL ADVISOR

Hilltop Securities 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. Hilltop Securities, in its capacity as Financial Advisor, has not verified and 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.

The Financial Advisor has also entered into an agreement with the District to serve as dissemination agent with respect to the Bonds.

AUDITORS

McGrath and Co., PLLC serves as special auditor to the District. McCall has been engaged to review and audit the expenditures submitted by the Developers. The computation of certain costs of the Developers have been reviewed

to determine that amounts are stated in accordance with contractual arrangements between the District and the Developers. McGrath will also re-calculate the computation of interest requested by the Developers related to the reimbursement requests.

Perez Project Consulting serves as "reimbursement" auditors and analyze and compile all project reimbursements and claims from the Developers to ensure they are documented in accordance with the Public Improvement Financing Agreement.

abip, CPA serves as independent auditor for the District's financial statements.

BOOKKEEPER

Armstrong, Vaughan & Associates, P.C. serves as bookkeeper to the District.

THE DEVELOPERS

ROLE OF A DEVELOPER

In general, the activities of a landowner or developer in a special district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers, builders or third parties. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

DESCRIPTION OF DEVELOPERS

Continental

One of the developers of land within the District is Continental Homes of Texas, L.P. ("Continental"). Continental is a subsidiary of D.R. Horton-Texas, Ltd., a Texas limited partnership, which is a subsidiary of and controlled by D.R. Horton, Inc. ("DHI"). DHI is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI". Audited financial statements for DHI can be found online at https://investor.drhorton.com. DHI is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by DHI can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning Continental is included as part of the consolidated financial statements of DHI. However, DHI is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property within the District, or to pay any other obligations of Continental. Further, neither Continental or DHI is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Continental or DHI has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and Continental may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of Continental and DHI is subject to change at any time. Because of the foregoing, financial information concerning Continental and DHI will neither be updated nor provided following issuance of the Bonds.

Pulte Group

Pulte, the developer of homes in the Westpointe East tract in the District, has been in the homebuilding industry for over 70 years and is the third largest homebuilder in the United States with operations in over 40 major cities. The Pulte development, Bison Ridge at Westpointe is projected to include 449 lots to be completed in three phases.

Major Landowner

The major landowner, as the original developer within the District, still owns approximately 1140 acres of land that are not developed.

RESPONSIBILITY OF DEVELOPERS

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

The District cautions that the prior success of the Developers are no indication or guarantee that the Developers will be successful in the development in the future of any land in the District.

DEBT AND FINANCIAL INFORMATION

BONDS AUTHORIZED BUT UNISSUED

The Election authorized the issuance of bonds payable from the HOT, Sales and Use Taxes, and ad valorem taxes, in the amounts and for the purposes set forth below. The following table also sets forth the amount of bonds previously issued for each such purpose.

Table 1 - Bonds Authorized but Unissued

		Amounts Issued						
		Payable from						
	Date	Amount	Ad Valorem	Unissued				
Purpose	Authorized	Authorized	Taxes	Balance				
Road ⁽¹⁾	5/4/2019	\$352,776,000	\$ 8,475,000	⁽¹⁾ \$344,301,000 ⁽¹⁾				
Recreation Facilities	5/4/2019	156,920,000	-	156,920,000				
Wastewater, Sanitary Sewer, and Drainage								
and Storm Sewer Facilities (2)	5/4/2019	413,670,000	9,260,000	(2) 404,410,000 ⁽²⁾				
Economic Development ⁽³⁾	5/4/2019	25,000,000		25,000,000				
Total:		\$948,366,000	\$ 17,735,000	\$930,631,000 (3)				

⁽¹⁾ Includes the Series 2023B Bonds; preliminary, subject to change.

⁽²⁾ Includes the Series 2023A Bonds; preliminary, subject to change.

The Texas Attorney General's office has taken the position that the Texas Constitution does not allow ad valorem tax revenues to be used for economic development purposes. Unless there is a change in the current interpretation of the law, all economic development bonds issued by the District will be payable from HOT revenues only since sales and use taxes is not expected to be available.

ESTIMATED OVERLAPPING DEBT

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which property in the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes ("Tax Debt") are based upon data obtained from individual jurisdictions or the "Texas Municipal Reports" compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional Tax Debt since the date listed and may have plans to incur significant amounts of additional Tax Debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance, and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance, and/or general revenue purposes is not included in these figures. The District has no control over the issuance of Tax Debt or tax levies of any such entities.

				District's
2022/23	2022/23			Overlapping
Taxable	Total	Total	Estimated	Tax
Assessed	Tax	Tax Debt	%	Debt As of
Value	Rate	6/30/2023	Applicable	6/30/2023
\$ 155,008,351	\$0.54161 (1)	\$ 17,735,000 (1)	100.000%	\$ 17,735,000 (1)
228,262,581,921	0.14915	790,860,000	0.060%	474,516
205,255,689,260	0.29999	2,149,170,000	0.060%	1,289,502
221,804,563,703	0.27624	1,132,465,000	0.060%	679,479
74,974,868,726	1.19010	2,566,395,000	0.180%	4,619,511
				\$24,798,008

If land is devoted principally to agricultural use, the landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on land's productive capability. Agricultural use includes production of crop or livestock. It can also include leaving the land idle for a government program or for normal crop or livestock rotation.

If land is qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous three years in which the land received the lower agricultural valuation. The rollback tax is the difference between the taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxes on a higher market value plus interest charged for each year from the date on which taxes would have been due. If the land uses changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

Approximately 1,361 acres of the property within the District is currently subject to agricultural valuation with respect to its ad valorem taxes. The Developers expect to remove the wildlife valuation as development occurs. The Developers or purchasers purchasing property from the Developers will pay rollback taxes with respect to such property.

⁽¹⁾ Includes the Bonds; preliminary subject to change.

Table 2 – Statement of Activities

	Fiscal Year Ended September 30,				
Revenues:		2022	2021		
Property Taxes	\$	181,281	\$	63,008	
Interest Income					
Total Revenues	\$	181,281	\$	63,008	
Expenditures:					
General Government	\$	23,586	\$	17,674	
Economic Development				920	
Total Expenditures	\$	23,586	\$	18,594	
Excess (Deficiency) of Revenues					
Over Expenditures	\$	157,695	\$	44,414	
Beginning Fund Balance	\$	16,496	\$	(27,918)	
Ending Fund Balance	\$	174,191	\$	16,496	

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Table 3 - Ad Valorem Tax Debt Service Requirements

FYE	0.4	412		TL	g t.	es 2023A Bon	ı. (l)			T1.	Gt.	s 2023B Bon	ı. (l)			Total	Percent of Principal
		tanding	_				as	T 1	_		Serie		as	T . 1	_		
9/30		Service		Principal		Interest	_	Total	_	Principal	_	Interest	_	Total		ebt Service	Retired
2024	\$	-	\$	235,000	\$	415,782	\$	650,782	\$	210,000	\$	380,565	\$	590,565	\$	1,241,347	
2025		-		190,000		460,431		650,431		170,000		421,688		591,688		1,242,119	
2026		-		200,000		450,931		650,931		175,000		413,188		588,188		1,239,119	
2027		-		210,000		440,931		650,931		185,000		404,438		589,438		1,240,369	
2028		-		220,000		430,431		650,431		200,000		395,188		595,188		1,245,619	11.25%
2029		-		230,000		419,431		649,431		210,000		385,188		595,188		1,244,619	
2030		-		240,000		407,931		647,931		220,000		374,688		594,688		1,242,619	
2031		-		255,000		395,931		650,931		230,000		363,688		593,688		1,244,619	
2032		-		265,000		383,181		648,181		245,000		352,188		597,188		1,245,369	
2033		-		280,000		369,931		649,931		255,000		339,938		594,938		1,244,869	24.95%
2034		-		290,000		355,931		645,931		270,000		327,188		597,188		1,243,119	
2035		-		305,000		341,431		646,431		280,000		313,688		593,688		1,240,119	
2036		-		320,000		326,181		646,181		295,000		299,688		594,688		1,240,869	
2037		-		340,000		310,181		650,181		310,000		284,938		594,938		1,245,119	
2038		-		355,000		293,181		648,181		325,000		269,438		594,438		1,242,619	42.37%
2039		-		375,000		275,431		650,431		345,000		253,188		598,188		1,248,619	
2040		-		390,000		256,681		646,681		360,000		235,938		595,938		1,242,619	
2041		-		410,000		237,181		647,181		380,000		217,938		597,938		1,245,119	
2042		-		430,000		216,169		646,169		395,000		198,463		593,463		1,239,631	
2043		-		455,000		194,131		649,131		415,000		178,219		593,219		1,242,350	64.67%
2044		-		480,000		170,813		650,813		440,000		156,950		596,950		1,247,763	
2045		-		500,000		146,213		646,213		460,000		134,400		594,400		1,240,613	
2046		-		530,000		119,963		649,963		485,000		110,250		595,250		1,245,213	
2047		-		555,000		92,138		647,138		510,000		84,788		594,788		1,241,925	
2048		-		585,000		63,000		648,000		540,000		58,013		598,013		1,246,013	93.35%
2049		_		615,000		32,288		647,288		565,000		29,663		594,663		1,241,950	100.00%
	\$	-	\$	9,260,000	\$	7,605,826	\$	16,865,826	\$	8,475,000	\$	6,983,496	\$	15,458,496	\$	32,324,322	

OUTSTANDING LIMITED AD VALOREM TAX BONDS

Other than the Bonds, when issued, the District has no outstanding limited ad valorem tax bonds.

OUTSTANDING REVENUE BONDS

The District has no outstanding obligations payable from Sales and Use Tax Revenues or HOT Tax Revenue. As previously noted, the sales and use tax is not available to be levied for the benefit of the District and there are no hotels in the development.

ISSUANCE OF ADDITIONAL DEBT

The District does not anticipate the issuance of additional ad valorem tax supported debt within the next 12 months.

INVESTMENTS

The District is a governmental agency, body politic and corporate, and political subdivision of the State and is subject to the provisions of the Public Funds Investment Act (Texas Government Code, Chapter 2256) with respect to the investment of its funds. The District invests its funds in investments authorized by Texas law in accordance

⁽¹⁾ Preliminary, subject to change. Interest calculated at an assumed rate for purposes of illustration only.

with investment policies approved by the Board. Both State law and the District's investment policies are subject to change.

The District has adopted an "Investment Policy" as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

CURRENT INVESTMENTS

As of July 31, 2023, the District has \$1,081,103 in invested funds.

TAX DATA

AUTHORIZED TAXES

Debt Service Tax: The District covenants in the Resolutions to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Historical Ad Valorem Tax Collections" below, "AD VALOREM TAXING PROCEDURES," "RISK FACTORS – Factors Affecting Taxable Values and Tax Payments," "RISK FACTORS – Limited Tax," and "THE BONDS – Authority for Issuance." For the fiscal year ending September 30, 2023, the District has levied a debt service tax in the amount of \$0.00 per \$100 assessed valuation. The District expects to approve an interest and sinking tax rate of \$0.36106 for the fiscal year ending September 30, 2024 at its September board meeting.

Maintenance Tax: The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. For the tax year ending September 30, 2023, the District has levied a maintenance tax in the amount of \$0.54161 per \$100 assessed valuation. The District expects to approve a maintenance tax of \$0.18053 for the fiscal year ending September 30, 2024 at its September board meeting.

The District's maximum authorized ad valorem tax rate for all purposes is limited to the lesser of the City Rate or \$1.00 per \$100 valuation. The expected maximum authorized ad valorem tax rate for the District for the current fiscal year is \$0.54159, based on the Proposed 2024 City Rate. The City is expected to hold public hearings on the Proposed 2024 City Rate on August 30, 2023 and September 7, 2023, and set the Final 2024 City Rate on September 14, 2023. No assurance can be given that the Final 2024 City Rate will equal the Proposed 2024 City Rate.

Sales and Use Tax: Chapter 383, Subchapter F, Texas Local Government Code and Chapter 323, Texas Tax Code, authorize the District to levy a sales and use tax at a rate of 2% within the District. However, 2% authorized within the District is being levied by the Bexar County Emergency Services District No. 2 in the amount of 1.5% and the remaining 0.5% is levied by the VIA. Therefore, the District does not levy a Sales and Use Tax and does not anticipate such Sales and Use Tax to be available for the District.

Hotel Occupancy Tax: The District has the authority to levy a hotel occupancy tax of 9% in the District pursuant to and in accordance with Section 382.155, Texas Local Government Code, as amended and Section 352.107, Texas Tax Code, as amended. The District has not levied such hotel occupancy tax.

TAX EXEMPTIONS

The District has not granted any tax exemptions for property located within the District. However, property within the District may be subject to certain exemptions from ad valorem taxation under State law. See "AD VALOREM TAXING PROCEDURES – Property Subject to Taxation by the District."

ADDITIONAL PENALTIES

The District has contracted with a delinquent tax attorney to collect certain delinquent ad valorem taxes. In connection with that contract, the District can establish an additional penalty of 20% of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

HISTORICAL AD VALOREM TAX COLLECTIONS

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "AD VALOREM TAXING PROCEDURES – Valuation of Property for Taxation." The following table displays the ad valorem tax collections of the District going back to fiscal year 2020.

Table 4 – Historical Ad Valorem Tax Collections

Fiscal									
Year	Taxable								
Ended	Assessed					Current Co	lections	Total Coll	ections
9/30	Valuation	Tax Rate	M&O	I&S	Tax Levy	Amount	Percent	Amount	Percent
2020	\$ 895,456	\$0.55827	\$ 0.55827	\$0.00000	\$ 4,999	\$ 4,998	99.98%	\$ 4,998	99.98%
2021	8,196,846	0.55827	0.55827	0.00000	27,110	27,108	99.99%	27,108	99.99%
2022	32,659,815	0.55827	0.55827	0.00000	182,230	181,361	99.52%	181,361	99.52%
2023	155,008,351	0.54161	0.54161	0.00000	824,758	822,306 (1)	99.70% (1)	822,738 (1)	99.76% (1)

⁽¹⁾ Collections as of June 30, 2023.

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "AD VALOREM TAXING PROCEDURES – Valuation of Property for Taxation." The following table represents the composition of property comprising the 2020 through 2023 certified taxable assessed valuations.

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Table 5 – Taxable Appraised Values (Fiscal years ending September 30)⁽¹⁾

Taxable Appraised Value for Fiscal Year Ended September 30,

	2023		2022		2021	
		% of		% of		% of
Category	Amount	Total	Amount	Total	Amount	Total
Real, Residential, Single-Family	\$ 73,305,900	31.47%	\$ -	0.00%	\$ -	0.00%
Real, Vacant Lots/Tracts	3,090,030	1.33%	49,900	0.04%	-	0.00%
Real, Acreage (Land Only)	76,483,445	32.83%	79,058,957	70.83%	81,501,272	91.11%
Farm or Ranch Improvement	-	0.00%	-	0.00%	-	0.00%
Real, Commercial	-	0.00%	-	0.00%	-	0.00%
Personal, Commercial	-	0.00%	-	0.00%	-	0.00%
Rural Land, Non-Qualified Open	33,278,840	14.29%	15,991,626	14.33%	7,957,153	8.89%
Residential Inventory	46,780,500	20.08%	16,512,310	14.79%	-	0.00%
Total Appraised Value Before Exemptions	\$ 232,938,715	100.00%	\$111,612,793	100.00%	\$ 89,458,425	100.00%
Less: Total Exemptions/Reductions	77,930,364		78,952,978		81,261,579	
Taxable Assessed Value	\$ 155,008,351		\$ 32,659,815		\$ 8,196,846	

Taxable Appraised Value for Fiscal Year Ended September 30,

2020 % of Category Amount Total Real, Residential, Single-Family 0.00% Real, Vacant Lots/Tracts 600 0.00% Real, Acreage (Land Only) 77,710,000 99.18% Farm or Ranch Improvement 0.00% Real, Commercial 0.00% Personal, Commercial 0.00%Rural Land, Non-Qualified Open 643,530 0.82% Residential Inventory 0.00%Total Appraised Value Before Exemptions 78,354,130 100.00% Less: Total Exemptions/Reductions 77,458,674 Taxable Assessed Value 895,456

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⁽¹⁾ With the 2023/2024 taxable assessed valuation of \$354,576,108, the top two categories are Real, Residential, Single Family representing 45.46% and Residential Inventory representing 23.44% of the Total Appraised Value Before Exemptions.

SIGNIFICANT TAXPAYERS

The following table represents the significant taxpayers, the type of property, the taxable assessed value of such property, and such property's appraised value as a percentage of the 2022/2023 certified taxable assessed valuation of \$100,781,854. This represents ownership and assessed values as of January 1, 2022. See "RISK FACTORS — Dependence Upon Significant Taxpayers and – Factors Affecting Taxable Values and Tax Payments."

Table 6 – Significant Taxpayers⁽¹⁾⁽²⁾

		2022/23 Taxable	% of Total Taxable
		Assessed	Assessed
Name of Taxpayer	Nature of Property	Valuation	Valuation
Continental Homes of Texas LP ⁽³⁾	Real Estate/Development	\$63,318,902	40.85%
VHS San Antonio Partners LLC	Real Estate/Development	8,659,860	5.59%
Pulte Homes of Texas LP ⁽³⁾	Real Estate/Development	6,778,360	4.37%
Vise Oaks I LTD	Real Estate/Development	1,583,941	1.02%
Campbell Road LTD	Real Estate/Development	772,940	0.50%
Individual Homeowner	Homeowner	351,170	0.23%
Individual Homeowner	Homeowner	351,060	0.23%
Individual Homeowner	Homeowner	349,040	0.23%
Individual Homeowner	Homeowner	339,160	0.22%
Individual Homeowner	Homeowner	336,150	0.22%
		\$82,840,583	53.44%

⁽¹⁾ See "RISK FACTORS — Dependence upon Significant Taxpayers" herein.

HOTEL OCCUPANCY TAXES

The District's HOT rate is authorized at 9% pursuant to the Election. The District has not levied the Hotel Occupancy Tax within the boundaries of the District. Under the authority of Section 382.155, Texas Local Government Code and Chapter 352, Tax Code (the "Enabling Acts") the District is authorized to impose the HOT on persons, based upon the price paid, for the use or possession, or right of use or possession, of rooms ordinarily used for sleeping at any hotel in the District. The District HOT may be imposed only for rooms for which the cost of occupancy is a rate of \$2 or more per day and at a rate not to exceed 9% of the price paid for the room. Presently there are no hotels in the District and the District has not levied a hotel occupancy tax.

If then permitted by law, the District may by order, repeal, increase or decrease the rate of the HOT imposed at any time, subject to the current maximum rate of 9%.

Under the Enabling Acts, "hotel" means any building or buildings in which the public may, for consideration, obtain sleeping accommodations. The term includes hotels, motels, tourist homes, tourist houses, tourist courts, lodging houses, inns, rooming houses, bed and breakfasts, or other buildings where rooms are furnished for a consideration, but does not include hospitals, sanitariums or nursing homes. The consideration paid for the room, for purposes of the Enabling Acts, includes the cost of the room only if the room is one ordinarily used for sleeping, and does not include the cost of any food served or personal services rendered to the occupant of such room not related to the cleaning and readying of such room for occupancy. To be subject to the District HOT, the occupant's use, possession or right to the use or possession of the sleeping room must be for a period of less than 30 consecutive

⁽²⁾ For the 2023/2024 Taxable Assessed Valuation of \$354,576,108, the top ten taxpayers have an aggregate taxable value of \$164,284,363 which represents 46.33% of the aggregate tax base.

⁽³⁾ See "THE DEVELOPERS"

days. Certain housing facilities owned or leased and operated by an institution of higher education are excluded. Hotels and other eligible vendors of sleeping accommodations are required to collect the District HOT, if such HOT is imposed, at the time room charges are received from patrons.

Other Hotel Occupancy Taxes

Other provisions of the Texas Tax Code authorize the State, counties, cities and other political subdivisions meeting certain specified qualifications to impose hotel occupancy taxes similar to the HOT which may be imposed by the District. Currently, a hotel in the District would be subject to a 6% hotel occupancy tax imposed by the State on all short-term (30 days or less) room rentals costing \$2 or more per day. However, there are currently no hotels in the District.

SALES AND USE TAX

District Sales and Use Tax -- Source and Authorization; No District Sales and Use Tax Levied

The District is authorized to levy a Sales and Use Tax of 2.0% on all taxable transactions within the District. However, under current State law, the maximum aggregate local sales and use tax which may be levied within a given area by most political subdivisions within such area is 2% (the "Local Sales and Use Tax"). Within the District, Sales and Use Tax is currently levied at 1.5% by Bexar County Emergency Services District No. 2 with the remaining 0.5% is levied by VIA (as defined below). Therefore, the District may not levy a Sales and Use Tax and does not anticipate such Sales and Use Tax to be available for the District.

Other Sales and Use Taxes

The State levies and collects a 6.25% sales and use tax against essentially the same taxable items and transactions as described above. Under current State law, the maximum aggregate local sales and use tax which may be levied within a given area by most political subdivisions within such area is 2% (the "Local Sales Tax"), which when added to the State sales and use tax rate of 6.25% equals a total rate of 8.25%. However, because there exists a 0.5% sales and use tax levied by VIA in the District, and 1.50% by the Bexar County Emergency Services District No. 2, purchases made in the District are currently at the maximum combined sales and use tax rate of 8.25%, and the District is not authorized to levy any Sales and Use Tax.

The Sales and Use Tax when levied is collected against the receipts from the sale at retail of taxable items within the District. The Sales and Use Tax also is an excise tax on the use, storage, or other consumption of taxable tangible personal property purchased, leased, or rented from a retailer within the District. The imposition, computation, administration, governance, abolition, and use of the Sales and Use Tax is governed by Chapters 151 and 321, Texas Tax Code.

In general, as applied to the Sales and Use Tax, a taxable item includes any tangible personal property and certain taxable services. "Taxable services" include certain amusement services, cable television services, personal services, motor vehicle parking and storage services, the repair, remodeling, maintenance and restoration of most tangible personal property, certain telecommunication services, credit reporting services, debt collection services, insurance services, information services, real property services, data processing services, real property repair and remodeling, security services, telephone answering services, and internet access service. Certain items are exempted by State law from sales and use taxes, including items purchased for resale, certain coin-operated machine sales, food products (except food products which are sold for immediate consumption, e.g. by restaurants, lunch counters, etc.), health care supplies (including medicines, corrective lens and various therapeutic appliances and devices), agricultural items (if the item is to be used exclusively on a farm or ranch or in the production of agricultural products), gas and electricity purchased for residential and certain other uses (unless a city has taken steps to repeal the exemption), certain property used in manufacturing, certain telecommunications services, newspapers, magazines, and basic fees for internet access service.

The taxable items and services subject to State and local sales and use taxes are subject to legislative action and have been changed in recent years by the Texas legislature. State law provides that the Sales and Use Tax cannot be levied against any taxable item or service unless such item or service is also subject to the State sales and use tax.

AD VALOREM TAXING PROCEDURES

AUTHORITY TO LEVY TAXES

The District is authorized to levy an annual ad valorem tax, at a maximum rate equal to the lesser of the City Rate or \$1.00 per \$100 valuation, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds and any other bonds payable from ad valorem taxes which the District has issued or may hereafter issue. See "RISK FACTORS - Future Debt" and "THE BONDS - Authority for Issuance" and to pay the expenses of assessing and collecting such taxes. The District agrees in the Resolutions to levy, assess, and collect such a debt service tax from year-to-year as described more fully herein. The District may also levy and collect an annual ad valorem tax for operation and maintenance of the District and for payment of certain constructed obligations. See "THE BONDS - Source of Payment." The fiscal year 2023 City Rate was \$0.54161 per \$100 valuation. On August 10, 2023, the Council of the City voted to propose the Proposed 2024 City Rate of \$0.54159 per \$100 valuation for fiscal year. Accordingly, the expected maximum authorized ad valorem tax rate for the District for the current fiscal year is \$0.54159, based on the Proposed 2024 City Rate. The City is expected to hold public hearings on the Proposed 2024 City on August 30, 2023 and September 7, 2023, and set the Final 2024 City Rate on September 14, 2023. No assurance can be given that the Final 2024 City Rate will equal the Proposed 2024 City Rate. However, in any event, the District tax rate will be limited to the lesser of the City Rate or the maximum rate of \$1.00 allowable pursuant to the County Order Creating the District. See "RISK FACTORS – Limited Tax." The current City Rate proposed is \$0.54159. There is no guarantee that the City Rate may not decline in future years. However, in any event, the District tax rate will be limited to the lesser of the City Rate or the maximum rate allowable pursuant to the County order creating the District. See "RISK FACTORS - Limited Tax".

PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT

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

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

2023 SB 2 includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap takes effect on January 1, 2024, if the constitutional amendment proposed by House Joint Resolution 2 during the Second Special Session is approved by the voters on November 7, 2023.

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT

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

property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

On July 13, 2023, during the Second Special Session, the 88th Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately

derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said 35 property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property.

Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

TAX ABATEMENT

The County is statutorily prohibited from granting a tax abatement or entering into a tax abatement agreement for any area within the District.

VALUATION OF PROPERTY FOR TAXATION

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. The Texas Constitution limits increases in the appraised value of residential homesteads to 10% annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation, or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

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

DISTRICT AND TAXPAYER REMEDIES

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review District by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and generally become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

TAX PAYMENT INSTALLMENTS AFTER DISASTER

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the

taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

SPECIAL TAXING UNITS

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

DEVELOPED DISTRICTS

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, may be required to hold an election within the district to determine whether to approve theadopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

DEVELOPING DISTRICTS

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

THE DISTRICT

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "DEBT AND FINANCIAL INFORMATION – Estimated Overlapping Debt". A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existedbefore the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural use property and within six months for all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents enforcement of liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

MUNICIPAL BOND RATING

Moody's Investor Services ("Moody's") has assigned a rating of "Baa3" (stable outlook) to the Bonds. An explanation of the significance of the rating may be obtained from Moody's. The rating and any other rating received by the Bonds or the District reflects only the view of such rating agency at the time such rating is given, and the District makes no representation as to the appropriateness of such rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of such rating company, circumstances so warrant. Any such downward revision or withdrawal of this or any other rating on the Bonds or the District may have an adverse effect on the market price of applicable series of the Bonds.

LEGAL MATTERS

LEGAL PROCEEDINGS

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect and addressing the matters described below under "TAX MATTERS."

Allen Boone Humphries Robinson LLP ("Bond Counsel") has reviewed the information appearing in this Official Statement under "PLAN OF FINANCE," "THE BONDS," "THE DISTRICT" (except the information appearing under the subcaptions "— Master Development Plan" and "DEVELOPMENT WITHIN THE DISTRICT") "AD VALOREM TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. General Counsel has reviewed the information under "PLAN OF FINANCE," "THE DISTRICT" (except the information appearing under the subcaptions "— Master Development Plan" and "DEVELOPMENT WITHIN THE DISTRICT"), "MANAGEMENT — Board of Directors", "LEGAL MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel and General Counsel have not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District or the Developers, for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Certain legal matters incident to the authorization, issuance, placement, and delivery of the Bonds by the District are subject to the approving opinion of the Attorney General and the opinion of Bond Counsel. The form of the opinion of Bond Counsel with respect to the Bonds is attached hereto as Appendix B and will be available at the time of delivery of the Bonds. Other than the limited review of certain information in this Official Statement as described in the preceding paragraph and Bond Counsel's legal opinion set forth herein, Bond Counsel has not reviewed nor undertakes any responsibility for any of the information contained in this Official Statement. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued. Certain legal matters will be passed upon for the District by Davidson Troilo Ream & Garza, P.C., San Antonio, Texas, as its General Counsel. Certain legal matters will be passed upon for the Underwriter by Locke Lord LLP, Dallas, Texas, whose legal fees are contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by Winstead PC, San Antonio, Texas, as Disclosure Counsel, whose legal fees are contingent on the sale and delivery of the Bonds.

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

NO MATERIAL ADVERSE CHANGE

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

No-LITIGATION CERTIFICATE

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the District, and dated as of the Delivery Date of the Bonds, to the effect that no litigation of any nature is pending or threatened, either in state or federal courts, contesting or attacking the Bonds, restraining or enjoining the levy, assessment and collection of taxes to pay the interest on or the principal of the Bonds, in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds, or affecting the validity of the Bonds or the title of the present officers of the District.

TAX MATTERS

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") for the purpose of determining the alternative minimum tax imposed on corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Resolutions that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolutions pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Resolutions or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any

future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner 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 period that such Original Issue Discount Bond continues to be owned by such owner.

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 Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement).

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon 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 plus 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 Bond.

The federal income tax consequences of the purchase, ownership, and 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 interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

PREPARATION OF OFFICIAL STATEMENT

SOURCES AND COMPILATION OF INFORMATION

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the independent auditor listed on page iii, the Tax Assessor/Collector, the Appraisal District, the County, and other sources. The information set forth under the subcaptions "THE DISTRICT - Master Development Plan" and "THE DISTRICT - Status of Development and Home Building Program" and "DEVELOPMENT WITHIN THE DISTRICT," and the heading "THE DEVELOPERS" has been provided by the Developers, and none of the District, the Financial Advisor or the Underwriter have undertaken to verify such information, and the District, the Financial Advisor or the Underwriter make no representations about the accuracy or completeness of the information contained under the "THE DISTRICT - Master Development Plan" and "THE DISTRICT - Status of Development and Home Building Program" and "DEVELOPMENT WITHIN THE DISTRICT," and the heading "THE DEVELOPERS." All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering, and other related information set forth in this Official Statement are included herein 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 for further information.

UPDATING THE OFFICIAL STATEMENT

If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CERTIFICATION OF OFFICIAL STATEMENT

Officers of the District, acting in their official capacity, will certify, that the information, statements, and descriptions or any addenda, supplement, and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing such certificate such state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants, and representatives of the District.

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.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, 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 these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS

The District will provide certain updated financial information and operating data to EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in Tables 1 through 6, and "APPENDIX A." The District will update and provide this information within twelve (12) months after the end of each of its fiscal years ending in or after 2023. The District will provide the updated information to EMMA. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such twelve (12) month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by September 30 in each year, unless the District changes its fiscal year end. If the District changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, 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 or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligations" when used in this paragraph shall have the meanings ascribed to them under Rule 15c2-12. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION FROM EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

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 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 an underwriter to purchase or sell Bonds in the offering described herein in compliance with 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 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 Underwriter 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 reasons 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

The Bonds are the first issuance of bonded indebtedness by the District, and, as such, the District has not previously entered into a continuing disclosure agreement pursuant to Rule 15c2-12.

OTHER INFORMATION

LITIGATION

It is the opinion of the District's General Counsel 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 may not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from District records, financial statements, and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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 District's actual results could differ materially from those discussed in such forward-looking statements.

UNDERWRITING

The Underwriter has agreed to purchase the Series 2023A Bonds subject to certain conditions contained in the
Purchase Contract for the Series 2023A Bonds at an aggregate purchase price of \$ (which takes into
account an Underwriter's discount of \$\) and premium of \$\). The Underwriter will be obligated to
purchase all of the Series 2023A Bonds if any Bonds are purchased. The Series 2023A Bonds may be offered and
sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.
The Underwriter has agreed to purchase the Series 2023B Bonds subject to certain conditions contained in the Purchase Contract for the Series 2023B Bonds at an aggregate purchase price of \$

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

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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.

The Resolutions will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriter in accordance with the provisions of Rule 15c2-12.

	WESTPOINTE SPECIAL IMPROVEMENT DISTRICT
	/s/
	President, Board of Directors Westpointe Special Improvement District
ATTEST:	
/s/ Secretary, Board of Directors Westpointe Special Improvement District	



APPENDIX A

AUDITED FINANCIAL STATEMENT OF THE DISTRICT FOR YEAR ENDED SEPTEMBER 30, 2022



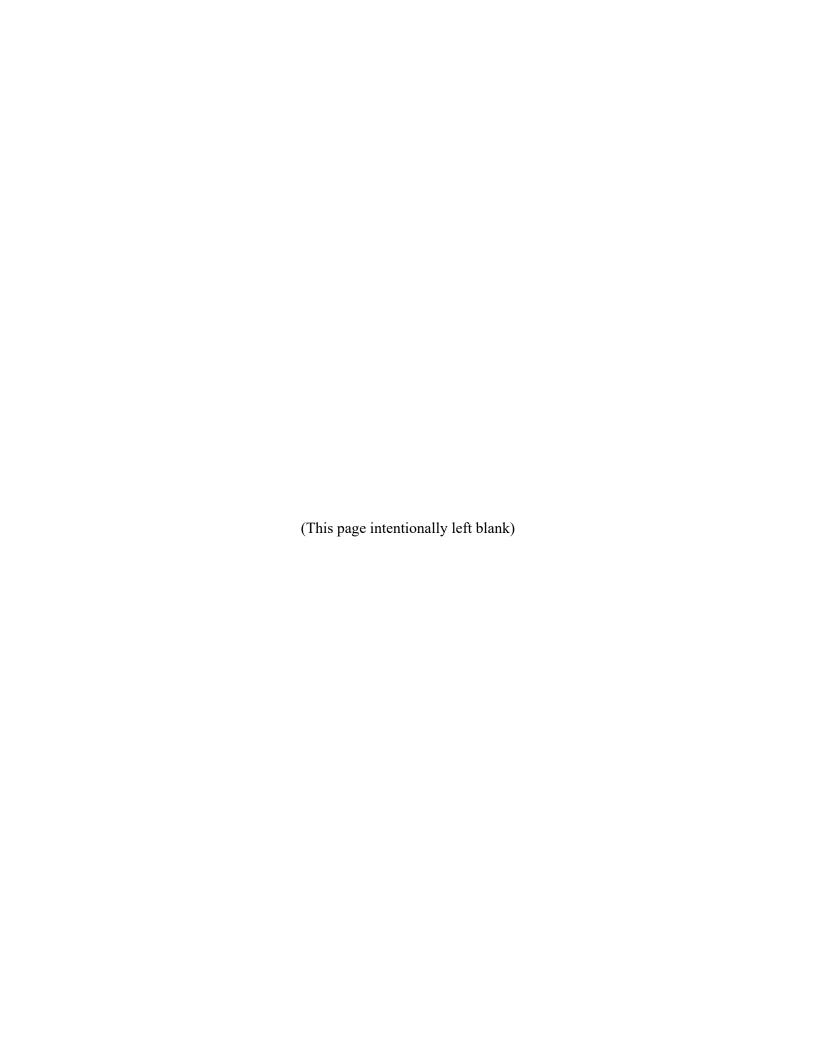
WESTPOINTE SPECIAL IMPROVEMENT DISTRICT SAN ANTONIO, TEXAS

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022



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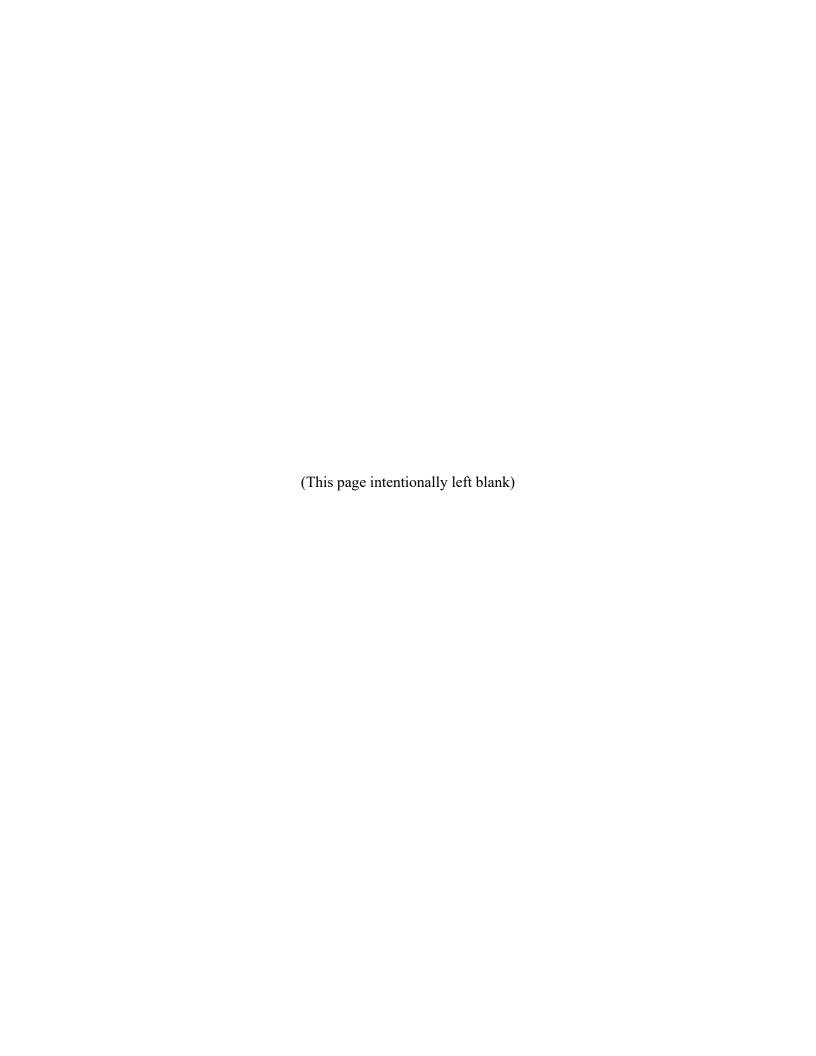


WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

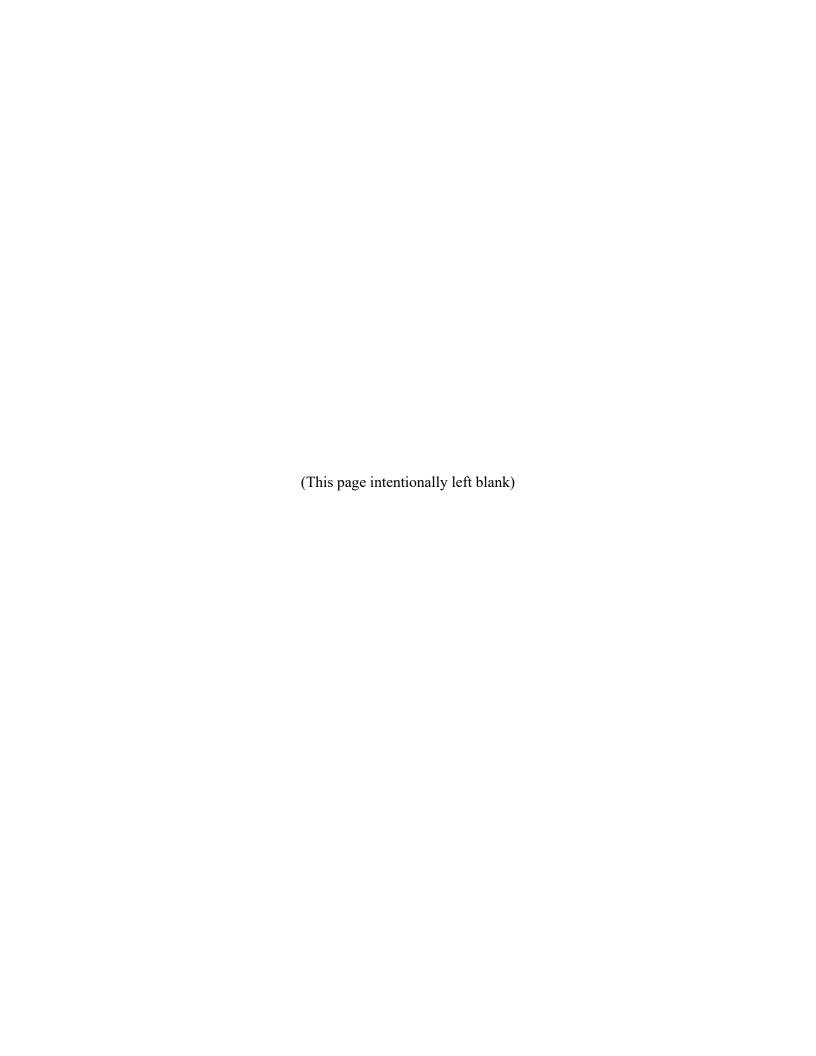
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Westpointe Special Improvement District San Antonio, Texas

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Westpointe Special Improvement District (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Westpointe Special Improvement District as of September 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 3C and the budgetary comparison information for the general fund on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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.

San Antonio, Texas September 7, 2023

ABIP, PC

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

The Westpointe Special Improvement District (the District) offers readers this narrative overview and analysis of its financial performance as of and for the year ended September 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

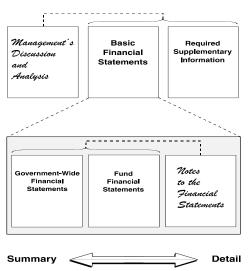
- The District's government-wide unrestricted net position was \$202,801 at September 30, 2022. This was an increase of \$186,305 from the period ended September 30, 2021.
- Expenditures for the year ended September 30, 2022 were \$23,586 and revenues collected from ad valorem taxes were \$181,281.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial* statements that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, additional nonfinancial factors; such as, changes in District's tax base, should be considered.

The statement of activities presents information showing how the District's net position changed during the period. All revenues and expenses are accounted for in this statement regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes).

The government-wide financial statements include only governmental activities since the District does not have any business type activities. The District's basic services are included here, which consist of, among other things, paying administrative expenses, levying taxes; and, borrowing money, for the purpose of financing its portion of the Public Improvement Project costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District currently only maintains a general fund, which is a governmental fund.

Governmental funds – used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending.

Other Information

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule is presented as required supplementary information (RSI) in this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position and Change in Net Position:

Net position may serve over time as a useful indicator of a government's financial position. The District's net position at September 30, 2022 was \$202,801 (See Table A-1).

TABLE A-1 THE DISTRICT'S NET POSITION

	GO	GOVERNMENTAL ACTIVITIES					
		2022		2021		MOUNT HANGE	PERCENTAGE CHANGE
Current assets Total assets	\$	231,281 231,281	\$	45,177 45,177	\$	186,104 186,104	411.94 % 411.94
Current liabilities Total liabilities		28,480 28,480		28,681 28,681		(201) (201)	(0.70) (0.70)
Unrestricted net position Total net position	\$	202,801 202,801	\$	16,496 16,496	<u>\$</u>	186,305 186,305	1,129.40 1,129.40 %

Governmental Activities

The District's total revenues were \$209,891 (See Table A-2), entirely generated from property taxes.

The District's total expenses were \$23,586, with majority related to legal administrative fees.

The District reflects a positive change in net position of \$186,305 primarily due to the increased development and collection of ad valorem taxes during the fiscal year.

TABLE A-2 CHANGES IN THE DISTRICT'S NET POSITION

	GOVERNMENTAL ACTIVITIES						
	2022 2021		AMOUNT CHANGE		PERCENTAGE CHANGE		
REVENUES					-		
General revenues							
Property taxes levied for							
general purposes	\$	209,891	\$	63,008	\$	146,883	233.12 %
Total revenues		209,891		63,008		146,883	233.12
EXPENSES							
General government		23,586		17,674		5,912	33.45
Economic development		<u> </u>		920		(920)	(100.00)
Total expenses		23,586		18,594		4,992	(44.95)
Change in net position		186,305		44,414		141,891	319.47
BEGINNING NET POSITION (DEFICIT)		16,496		(27,918)		44,414	(159.09)
ENDING NET POSITION	\$	202,801	\$	16,496	\$	186,305	1,129.40 %

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As stated earlier, the District uses fund accounting for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

The general fund is the chief and only operating fund of the District and was established to account for resources that finance the fundamental operations of the District. At the end of the fiscal year ended September 30, 2022, the general fund's fund balance totaled \$174,191, which is classified as unassigned.

General Fund Budgetary Highlights

The Board of Directors adopts a budget for the general fund. For the year ended September 30, 2022, although the District did not exceed total appropriations in the general fund, expenditures for appraisal fees and insurance exceeded its budget by \$387 and \$500, respectively. District property tax revenues were in under budget by \$1,049.

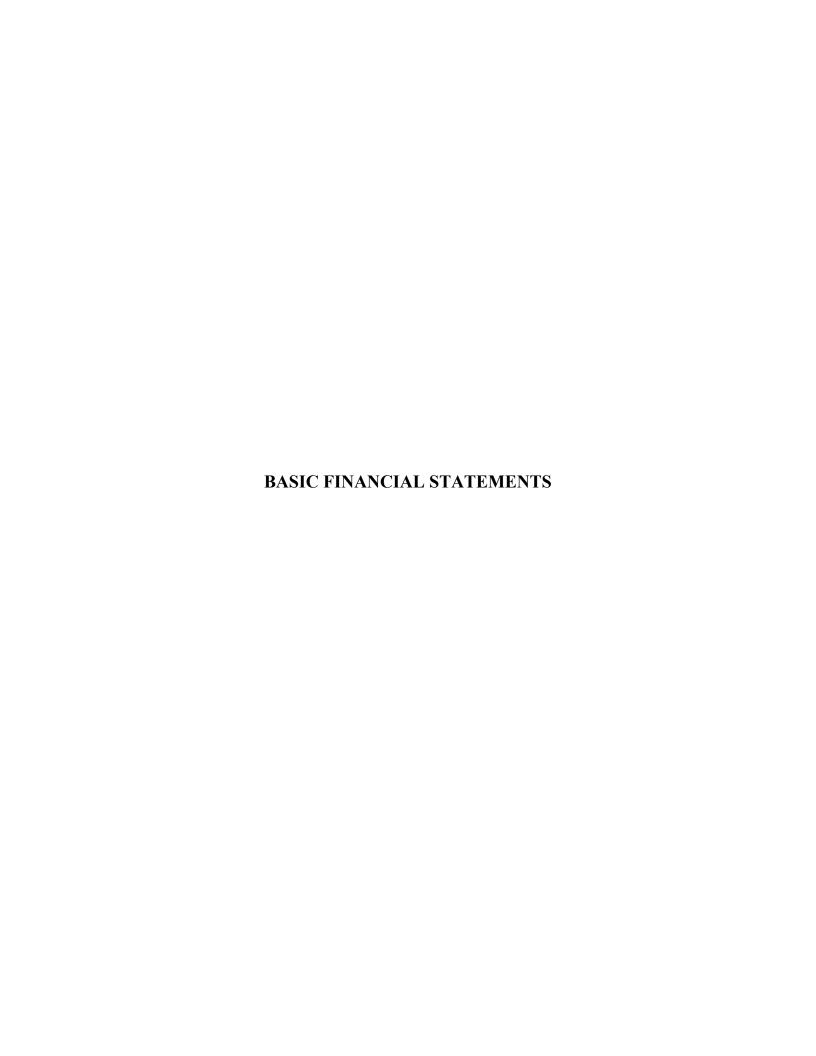
ECONOMIC FACTORS AND OTHER MATTERS

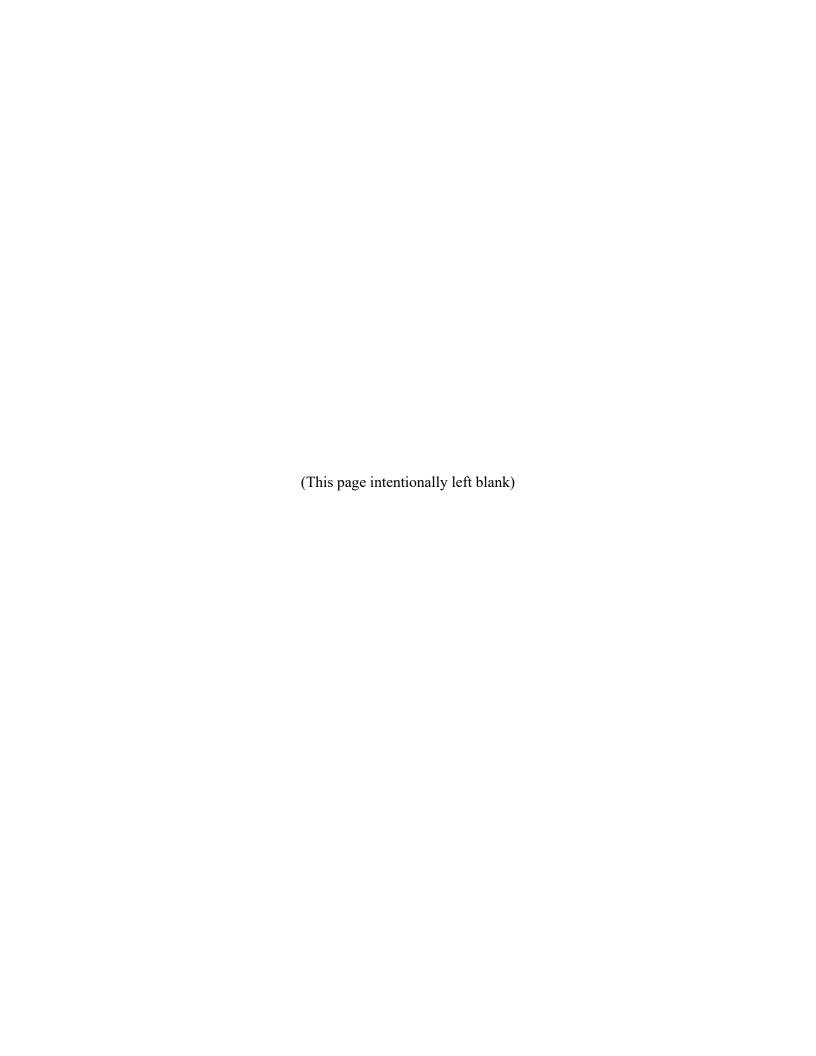
The 2022-2023 property tax rate of \$0.541610, a decrease of \$0.01666 from the 2021-2022 tax rate.

Taxable property values for 2022-2023 are expected to increase due to development in the District.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's General Counsel at Davidson, Troilo, Ream & Garza, P.C., 601 NW Loop 410, Suite 100, San Antonio, Texas 78216.





WESTPOINTE SPECIAL IMPROVEMENT DISTRICT STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

September 30, 2022

		RIMARY /ERNMENT
		ERNMENTAL
	A(CTIVITIES
<u>ASSETS</u>		
Current assets		
Cash	\$	202,671
Property taxes - delinquent		28,610
Total current assets		231,281
Total assets	\$	231,281
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Current liabilities		
Accounts payable	\$	3,480
Developer's advance		25,000
Total current liabilities		28,480
Total liabilities		28,480
NET POSITION		
Unrestricted net position		202,801
Total liabilities and net position	\$	231,281

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES

Year ended September 30, 2022

				NET	(EXPENSE)	
				R	EVENUE	
				ANI	CHANGES	
				IN NE	T POSITION	
			PROGRAM REVENUE	PRIMARY	GOVERNMENT	
		OPERATING GRANTS		GOVERNMENTAL		
FUNCTIONS/PROGRAMS	EX	PENSES	AND CONTRIBUTIONS	ACTIVITIES		
Primary government:	'				_	
Governmental activities						
General government	\$	23,586	\$ -	\$	(23,586)	
General government	4		<u>*</u>	4	(20,000)	
m and a state	Φ	22.596	¢.		(22.50.6)	
Total governmental activities	\$	23,586	<u> -</u>		(23,586)	
	Genera	al revenues:				
	Tax	es:				
	P	roperty taxes	, levied for			
		general purp		209,891		
		8 1 1				
	Т	otal general r	evenues		209,891	
	C1	• , •,•			106205	
	Chang	e in net positi	on		186,305	
	NET POSITION – BEGINNING				16,496	
	NET PO	OSITION – EN	DING	\$	202,801	

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

BALANCE SHEET OF THE GOVERNMENTAL FUND AND RECONCILIATION TO THE STATEMENT OF NET POSITION

September 30, 2022

	<u> </u>	ENERAL FUND
ASSETS		
Cash	\$	202,671
Property taxes - delinquent		28,610
Total assets	\$	231,281
LIABILITIES		
Accounts payable	\$	3,480
Developer's advance		25,000
Total liabilities		28,480
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes		28,610
Total deferred inflows of resources		28,610
FUND BALANCES		
Unassigned fund balance		174,191
Total fund balances		174,191
Total liabilities, deferred inflows		
of resources, and fund balances	\$	231,281
RECONCILIATION		
Total fund balance - governmental fund	\$	174,191
Property tax receivable is unavailable to pay for current period		
expenditures and therefore is deferred in the governmental fund.		28,610
Total net position - governmental activities	<u>\$</u>	202,801

The accompanying notes are an integral part of these financial statements.

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND AND RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Year ended September 30, 2022

	ENERAL FUND
REVENUES	
Property taxes	\$ 181,281
Total revenues	 181,281
EXPENDITURES	
Current:	
General government	 23,586
Total expenditures	 23,586
Excess of revenues over expenditures	157,695
FUND BALANCE – BEGINNING	 16,496
FUND BALANCE – ENDING	\$ 174,191
RECONCILIATION	
Net change in fund balance - governmental fund	\$ 157,695
Certain property tax revenues are deferred in the governmental fund.	
This is the change in these amounts this year.	 28,610
Change in net position of governmental activities	\$ 186,305

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

(1) Summary of significant accounting policies

The Westpointe Special Improvement District (District) is a public improvement district created by an order of the Commissioners Court of Bexar County on January 15, 2019, pursuant to Chapter 382 of the Texas Local Government Code (the Act). The District was created to provide improvements and construction of transportation infrastructure, creation of single family housing as well as stimulate business and commercial activity and lead to job creation, and would serve public purpose to economic development and, specifically, providing new jobs, expanding commercial development, construction of residential housing and improvement and other general improvements for the District.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Government Accounting Standards Board (GASB).

Reporting entity

The Board of Directors (Board) comprised of seven members, as appointed by the Bexar County Commissioners Court, has the control over and management supervision of all affairs of the District. Therefore, the District is a financial reporting entity as defined by the GASB and is not included in any other governmental reporting entity.

Basis of accounting and financial statement presentation

Basis of presentation

Government-wide statements: The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's activities. The District's governmental activities programs are primarily supported by property taxes.

The statement of activities demonstrates how other parties or entities that participate in programs the District operates have shared in the payment of the direct costs. Thus, the purpose is to show the degree to which the direct expenses of a given function are offset by program revenues, if any. Direct expenses are those that are clearly identifiable with a particular function. Revenues that are not classified as program revenues are presented as general revenues (i.e. property taxes).

Fund financial statements: The fund financial statements provide information on the financial condition and results of operations for the District's major governmental fund:

General fund: This is the District's primary operating fund that is used to account for all financial resources. Major revenue sources include local property taxes. Expenditures include all costs associated with the daily operations of the District.

Measurement focus, basis of accounting

Government-wide statements: The financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

(1) Summary of significant accounting policies (continued)

Basis of accounting and financial statement presentation (continued)

Measurement focus, basis of accounting (continued)

Governmental fund financial statements: These financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period. Expenditures are recorded when the fund liability is incurred, if measurable. However, debt service expenditures are recorded only when payment is due. Property tax revenue is recognized under the susceptible to accrual concept since they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Interest income is recorded as earned, since it is both measurable and available.

Financial statement amounts

Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Delinquent taxes are based on rates adopted for the year of the levy. The District does not report an allowance for uncollectible taxes receivable since the amount is not considered material as of the year end. 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.

Fund balance

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the District uses the following criteria when classifying fund balance amounts:

Nonspendable – amounts not in spendable form or that are legally or contractually required to be maintained intact. The District does not have any amounts in this category at September 30, 2022.

Restricted – amounts that have been legally separated for a specific purpose by law or external funding source, such as long-term debt and grants. The District does not have any amounts in this category at September 30, 2022.

Committed – amounts that require Board action to be used for a specific purpose. Formal action to commit funds must occur prior to year end and can only be modified or removed by the same formal action. The District does not have any amounts in this category at September 30, 2022.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

(1) Summary of significant accounting policies (continued)

Financial statement amounts (continued)

Fund balance (continued)

Assigned – amounts that do not require Board approval but are intended to be used for a specific purpose, as determined by an official or body to which the Board has delegated authority. These amounts do not meet the criteria to be classified as restricted or committed. The District does not have any amounts in this category at September 30, 2022.

Unassigned – residual amount in the general fund that is available to finance operating expenditures. At September 30, 2022, the total fund balance reported in the general fund of \$174,191 is classified as unassigned.

If the District were to incur an expenditure for purposes in which both restricted and unrestricted fund balances were available, restricted resources would be utilized first.

Priority use of available revenues

The District's available revenues shall be applied in the following order:

- a) To pay administrative expenses of the District pursuant to its annual budget.
- b) To pay any District indemnity obligations.
- c) To pay the developers for reimbursements of eligible expenses, plus interest.
- d) To pay any public improvements necessary to serve the property constructed.

(2) Budgetary data

The Board adopts a budget for the general fund and presents the original adopted and final amended budget for revenues and expenditures and compares the actual revenues and expenditures in the accompanying financial statements to the final amended budget amounts. For the year ended September 30, 2022, although the District did not exceed total appropriations in the general fund, expenditures for appraisal fees and insurance exceeded its budget by \$387 and \$500, respectively.

(3) Cash

At September 30, 2022, the carrying amount of the District's deposits was \$202,671 and the bank balance was \$208,610. The District's bank deposits were entirely covered by FDIC insurance during the year.

(4) Risk management

The District is exposed to various risks of loss related to errors and omissions for which the District carries commercial insurance. Settled claims resulting from risks of loss have not exceeded insurance coverage.

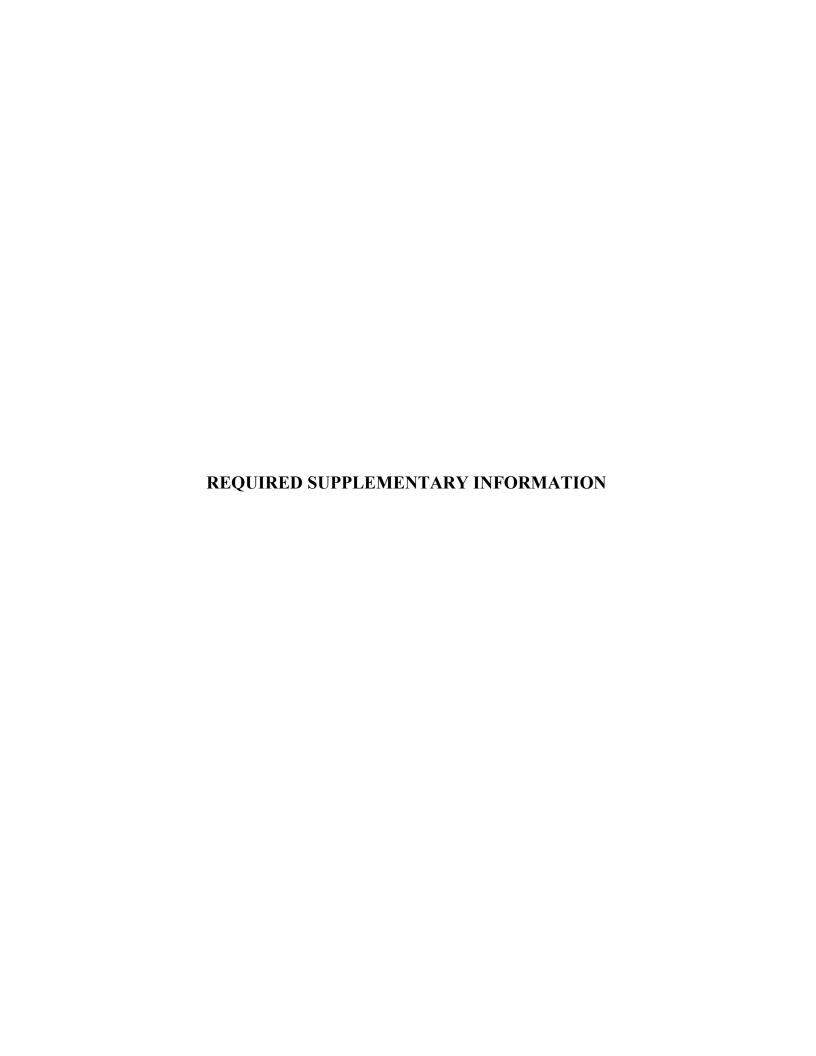
NOTES TO FINANCIAL STATEMENTS

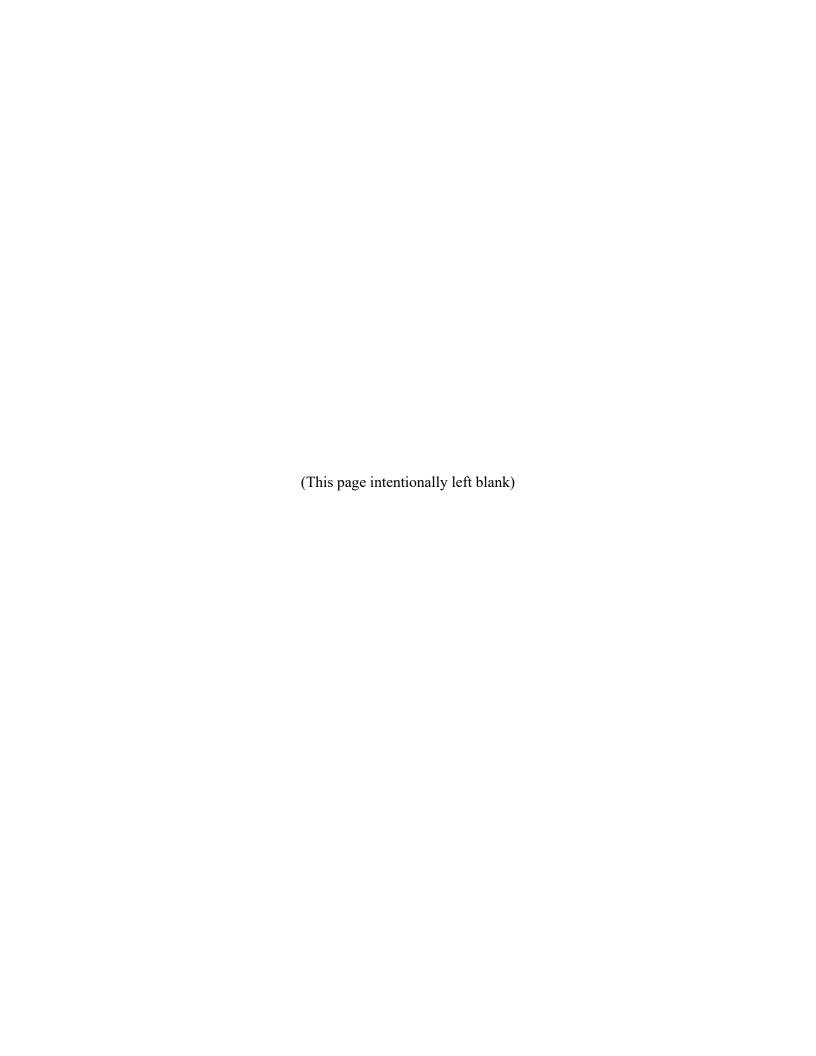
September 30, 2022

(5) Contingencies and commitments

Legal proceedings

From time to time, the District may be a defendant in legal proceedings relating to its operations. It is the opinion of the District's general counsel that there is no pending litigation against the District that would have a material or adverse financial impact upon the District or its operations.





SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GENERAL FUND

Year ended September 30, 2022

			2022 ACTUAL		VARIANCE WITH FINAL BUDGET			
	BUDGETED AMOUNTS		AMOUNTS		POSITIVE OR			
					(GAAP BASIS)		(NEGATIVE)	
REVENUES		_						
Property taxes	\$	182,330	\$ 182,330	\$	181,281	\$	(1,049)	
Total revenues		182,330	 182,330		181,281		(1,049)	
EXPENDITURES								
Current:								
General government								
Legal		20,000	20,000		9,270		10,730	
Banking		600	600		379		221	
Appraisal fees		50	50		437		(387)	
Insurance		1,500	1,500		2,000		(500)	
Accounting		7,200	7,200		6,000		1,200	
Auditing services		6,000	6,000		5,500		500	
Developer reimbursement		25,000	25,000		=		25,000	
Other		19,800	19,800		-		19,800	
Economic development								
Engineering		5,000	 5,000				5,000	
Total expenditures		85,150	 85,150		23,586		61,564	
Excess of revenues								
over expenditures		97,180	 97,180		157,695		60,515	
FUND BALANCE - BEGINNING		16,496	 16,496		16,496			
FUND BALANCE - ENDING	\$	113,676	\$ 113,676	\$	174,191	\$	60,515	

September 30, 2022

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

(1) Budgetary information

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles.

Annual appropriations lapse at fiscal year end. Budgetary preparation and control is exercised at the account line level. The Board of Directors must approve any adjustments to the accounts through budget amendments.

APPENDIX B FORM OF BOND COUNSEL OPINION



ABHR

September _____, 2023

WE HAVE ACTED AS BOND COUNSEL for Westpointe Special Improvement District (the "District"), which we also represent on other matters, in connection with an issue of bonds (the "Bonds") described as follows:

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT LIMITED AD VALOREM TAX BONDS, SERIES 2023A, dated September 1, 2023, in initial denominations equal to the entire principal amount of each scheduled maturity of the Bonds, aggregating \$______.

The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the Resolution of the District's Board of Directors authorizing the Bonds (the "Bond Resolution"). Portions of the Bonds are subject to optional and mandatory redemption prior to maturity as set out in the Bonds and in the Bond Resolution.

WE HAVE ACTED AS BOND COUNSEL 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 of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon certificates executed by officers, agents and representatives of the District. We have assumed no responsibility with respect to the financial condition of the District or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") has been limited as described therein.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified materials pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the District, customary certificates of officers, agents and representatives of the District, and other certified showings relating to the authorization and issuance of the Bonds. We also have examined executed Bond No. IB-1 of this issue.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective

HOUSTON 3200 Southwest Freeway, Suite 2600 Houston, TX 77027 (713) 860-6400 CENTRAL TEXAS
919 Congress Avenue, Suite 1500
Austin, TX 78701
(512) 518-2424

NORTH TEXAS 3100 McKinnon Street, Suite 1100 Dallas, TX 75201 (972) 823-0800 and that therefore the Bonds are valid and legally binding obligations of the District, and taxable property in the District is subject to the levy of ad valorem taxes to pay the same, within the limits prescribed by law.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Bexar County, the City of San Antonio, or any other entity.

IT IS OUR FURTHER OPINION THAT, under existing law:

- (1) Interest on the Bonds is excludable from gross income for federal income tax purposes.
- (2) Interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code (as defined below)) for the purpose of computing the alternative minimum tax imposed on corporations.

In providing such opinions, we have relied on representations of the District, the District's Financial Advisor and the Underwriter (as defined in the Bond Resolution) with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the District fails to comply with the foregoing covenants of the Bond Resolution, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with

Page 3 of 3

Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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

ABHR

September _____, 2023

WE HAVE ACTED AS BOND COUNSEL for Westpointe Special Improvement District (the "District"), which we also represent on other matters, in connection with an issue of bonds (the "Bonds") described as follows:

WESTPOINTE SPECIAL IMPROVEMENT DISTRICT LIMITED AD VALOREM TAX ROAD BONDS, SERIES 2023B, dated September 1, 2023, in initial denominations equal to the entire principal amount of each scheduled maturity of the Bonds, aggregating \$______.

The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the Resolution of the District's Board of Directors authorizing the Bonds (the "Bond Resolution"). Portions of the Bonds are subject to optional and mandatory redemption prior to maturity as set out in the Bonds and in the Bond Resolution.

WE HAVE ACTED AS BOND COUNSEL 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 of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon certificates executed by officers, agents and representatives of the District. We have assumed no responsibility with respect to the financial condition of the District or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") has been limited as described therein.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified materials pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the District, customary certificates of officers, agents and representatives of the District, and other certified showings relating to the authorization and issuance of the Bonds. We also have examined executed Bond No. IB-1 of this issue.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective

HOUSTON 3200 Southwest Freeway, Suite 2600 Houston, TX 77027 (713) 860-6400 CENTRAL TEXAS
919 Congress Avenue, Suite 1500
Austin, TX 78701
(512) 518-2424

NORTH TEXAS 3100 McKinnon Street, Suite 1100 Dallas, TX 75201 (972) 823-0800 and that therefore the Bonds are valid and legally binding obligations of the District, and taxable property in the District is subject to the levy of ad valorem taxes to pay the same, within the limits prescribed by law.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Bexar County, the City of San Antonio, or any other entity.

IT IS OUR FURTHER OPINION THAT, under existing law:

- (1) Interest on the Bonds is excludable from gross income for federal income tax purposes.
- (2) Interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code (as defined below)) for the purpose of computing the alternative minimum tax imposed on corporations.

In providing such opinions, we have relied on representations of the District, the District's Financial Advisor and the Underwriter (as defined in the Bond Resolution) with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the District fails to comply with the foregoing covenants of the Bond Resolution, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with

Page 3 of 3

Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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

APPENDIX C

THE CITY OF SAN ANTONIO AND BEXAR COUNTY

Neither the City of San Antonio, Texas nor Bexar County, Texas has any obligations with respect to payment of the Bonds. The information set forth in this Appendix C has been sourced from publicly available offering documents for bonds issued by Bexar County, Texas and is provided for general information only and may contain dated material. None of the District, the Financial Advisor or the Underwriter have undertaken to verify such information, and the District, the Financial Advisor or the Underwriter make no representation about the accuracy or completeness of the information contained in this Appendix C.

Population and Location

The 2020 Census, prepared by the United States Census Bureau ("U.S. Census Bureau"), found a City population of 1,434,625, the seventh largest in the United States. The City is located in south central Texas approximately 80 miles south of the state capitol in Austin, 165 miles northwest of the Gulf of Mexico, and approximately 150 miles from the U.S./Mexico border cities of Del Rio, Eagle Pass, and Laredo, respectively.

The City is the county seat of Bexar County. The 2020 U.S. Census Bureau found a County population of 2,009,324 and the Area MSA population to be 2,558,413 as of 2020

Population

The following table provides the population of the City, Bexar County, and the Area MSA, which includes Bexar, Comal, Wilson, Guadalupe, Atascosa, Bandera, Kendall and Medina Counties:

	City of San	Bexar	San Antonio- New Braunfels
Year	Antonio	County	MSA (1)
1920	161,379	202,096	255,928
1930	231,542	292,533	351,048
1940	253,854	338,176	393,159
1950	408,442	500,460	556,881
1960	587,718	687,151	749,279
1970	654,153	830,460	901,220
1980	785,880	988,800	1,088,710
1990	935,933	1,185,394	1,324,749
2000	1,144,646	1,392,931	1,711,703 (2)
2010	1,326,539	1,714,773	2,142,508 (3)
2020	1,434,625	2,009,324	2,558,143 (3)

¹⁾ Data for 1920-1990 has been restated to the redefined eight-county MSA from the original four-county MSA.

Sources: U.S. Census Bureau; Texas Association of Counties – County Information Project; and City of San Antonio, Information Technology Services Department.

Area and Topography

The area of the City has increased through numerous annexations, and now contains approximately 500.78 square miles, according to the San Antonio Chamber of Commerce. The topography of San Antonio is generally hilly with heavy black to thin limestone soils. There are numerous streams fed with underground spring water. The average elevation is 795.5 feet above mean sea level.

⁽²⁾ As of June 2003, the U.S. Office of Management and Budget redefined the MSA by increasing the number of counties from four to eight: Atascosa, Bandera, Kendall, and Medina Counties were added to its mainstays of Bexar, Comal, Guadalupe, and Wilson Counties. (The 2000 figure reflects the new 2003 redefined eight-county area.) As of December 2009, New Braunfels, Texas qualified as a new principal city of the San Antonio MSA, and the MSA was re-titled San Antonio-New Braunfels MSA.

⁽³⁾ Provided by the 2020 Decennial Census at data.census.gov

Bexar County

The County was organized in 1836 as one of the original counties of the Republic of Texas and is now the third most populous of the 254 counties in the State. The County has an area of approximately 1,248 square miles and is located in south central Texas and is a component of the Area MSA.

The diversified economic base of the County is composed of financial services, healthcare, agriculture, manufacturing, construction, military, and tourism. Support for these economic activities is demonstrated by the County's ongoing commitment to economic development projects together with ongoing infrastructure improvements to support the County's growing population. Another economic factor attracting companies and families to the San Antonio area is the low cost of living. With one of the lowest cost workforces of any major cities in the United States, Bexar County is positioned to increase employment across various industries.

Employment by Industry – Bexar County

San Antonio-New Braunfels MSA (1) August 2022 Annual 2021 Annual 2020	ge
Mining, Logging, and Construction (2) 62,900 63,200 63,700 67,100 63,70	ıl
72 000 51 500 40 500 51 200 50 200 51 200 50 50 50 50 50 50 50 50 50 50 50 50 5	
Manufacturing 53,900 51,500 49,700 51,200 50,2	00
	00
Trade, Transportation, and Utilities 195,000 188,300 181,200 183,000 181,000	00
Information 18,300 17,500 18,300 20,200 20,70	00
Financial Activities 99,700 93,800 93,200 94,000 92,10	00
Professional and Business Services 154,200 148,800 138,000 142,400 140,70	00
Education and Health Services 174,300 163,500 162,400 168,400 164,50	00
Leisure and Hospitality 142,000 124,400 112,200 138,200 135,50	00
Other Services 43,600 36,800 35,000 39,600 38,90	00
Government 167,200 172,500 173,300 173,600 171,80	00
Total Nonfarm 1,111,100 1,060,300 1,027,000 1,077,700 1,059,10	00

⁽¹⁾ Based on Labor Market Information Department, Texas Workforce Commission (model-based methodology).

Labor Force Statistics for Bexar County(1)

	August	Average Annual ⁽³⁾					
	2022(2)	2021	2020	2019	2018	2017	
Civilian Labor Force	959,842	945,855	942,127	943,335	935,933	924,065	
Total Employed	922,254	895,189	871,017	913,638	904,406	891,138	
Total Unemployed	37,588	50,666	71,110	29,697	31,527	32,927	
Unemployment Rate	3.9%	5.4%	7.5%	3.1%	3.4%	3.6%	
% Unemployed (Texas)	4.1%	5.7%	7.6%	3.5%	3.9%	4.3%	
% Unemployed (U.S.)	3.7%	5.3%	8.1%	3.7%	3.9%	4.4%	

⁽¹⁾ Source: Texas Employment Commission.

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⁽²⁾ Mining, Logging, and Construction have been combined compared to previous years.

⁽²⁾ Year-to-date as of August 2022.

⁽³⁾ Average annual statistics.

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

This Appendix describes how ownership of the Bonds are to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 or more fully-registered certificates will be issued for each issue of the Bonds, collectively in the aggregate principal amount of such issue, and will be deposited with DTC or a custodian of 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 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 an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 Security ("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.

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

Principal, premium (if any) and interest 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 paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, paying agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium (if any) and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or paying agent, 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 District or the paying agent. Under such circumstances, in the event that a successor depository is not obtained, Security 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, Security 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 District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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