



FY 2025-2026

ADOPTED BUDGET

**Beginning
October 1, 2025
Through
September 30, 2026**



Adopted Budget For Fiscal Year

***October 1, 2025
Through
September 30, 2026***

***Submitted by:
John Benson, City Manager
Ava Reyna, Interim Director of Finance***

Beeville Water Supply District Board:

***Dwight G. Head (Place 2), President
Jody Alaniz (Place 1), Vice-President
Vacant (Place 3), Board Member
Randy Seitz (Place 4), Board Member
Bill Stockton (Place 5), Board Member***

***This document was prepared by the City of Beeville Finance Department
For additional information, contact***

***City of Beeville
Finance Department
400 N. Washington
Beeville, TX 78102
361-358-4641 ext. 251***

BEEVILLE WATER SUPPLY DISTRICT

ANNUAL OPERATING BUDGET FOR FISCAL 2025-26

BWSD Board Record Vote

The members of the governing body voted on the adoption of the budget as follows:

FOR: Dwight G. Head
Jody Alaniz
Bill Stockton
Randy Seitz

AGAINST:

**PRESENT &
ABSTAINING:**

ABSENT:

Tax Rate	Adopted FY 2025-26	FY 2024-25
Property Tax Rate (Adopted)	.070000/100	.070000/100
No-New-Revenue Tax Rate (Formerly Effective Tax Rate)	.000/100	.000/100
No-New Revenue Maintenance & Operations (M&O) Rate (Formerly Effective M&O Tax Rate)	.000/100	.000/100
Voter-Approval Tax Rate (Formerly Rollback Tax Rate)	.13876/100	.070000/100
De minimis Rate	.000/100	.000/100
Unused Increment Rate	N/A	N/A
Debt Rate (I&S)	.13876/100	.070000/100

The total amount of municipal debt obligation secured by property taxes for the Beeville Water Supply District is \$6,476,825.



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**Beeville Water Supply District
2025-26 Adopted Budget**

Combined Budget Summary

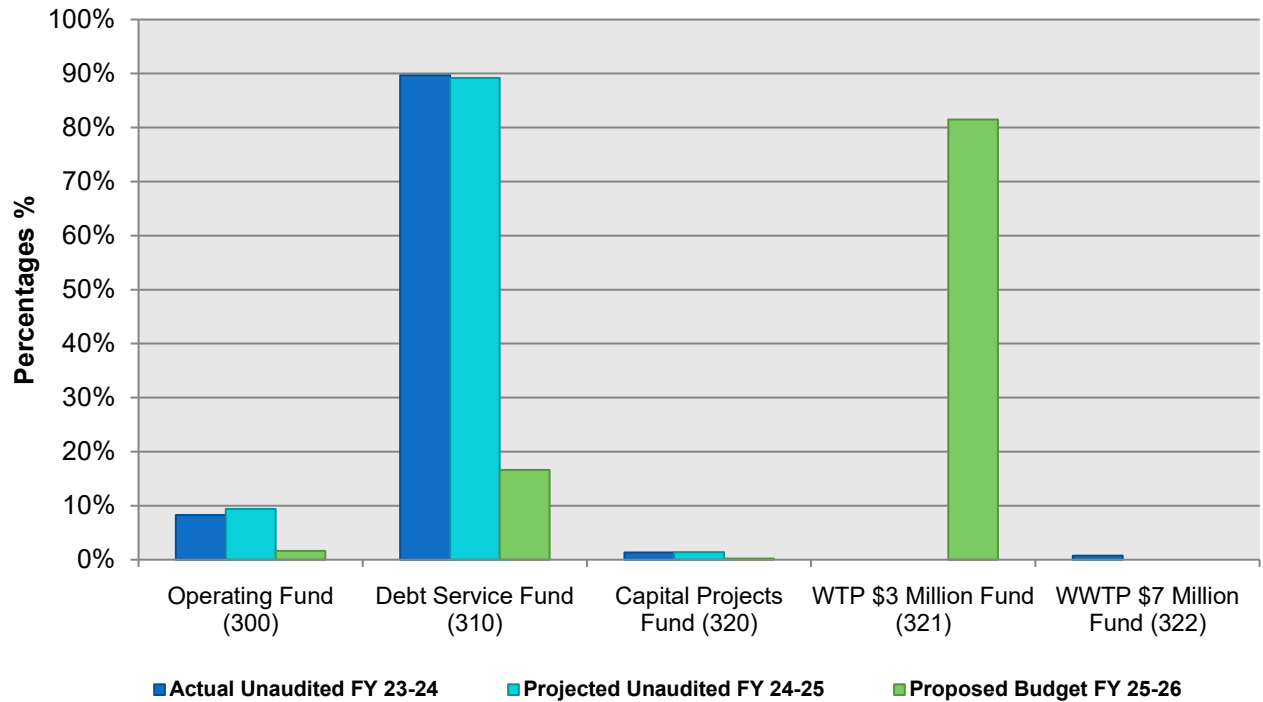
Fund	Estimated Beginning Balance 10/01/2025	Revenues	Expenditures	Transfers In/(Out)	Estimated Ending Balance 9/30/2026
Operating Fund	\$ (420)	\$ 500	\$ 61,216	\$ 60,000	\$ (1,136)
Debt Service Fund	1,182,996	612,260	89,600	(285,000)	1,420,656
Capital Projects/Construction Fund	241,208	8,200	200,000	-	49,408
WTP \$3 Million	(274,700)	3,000,000	2,450,600	(274,700)	-
WWTP \$7 Million	(71,368)	-	-	-	(71,368)
Grand Total	\$ 1,077,716	\$ 3,620,960	\$ 2,801,416	\$ (499,700)	\$ 1,397,560



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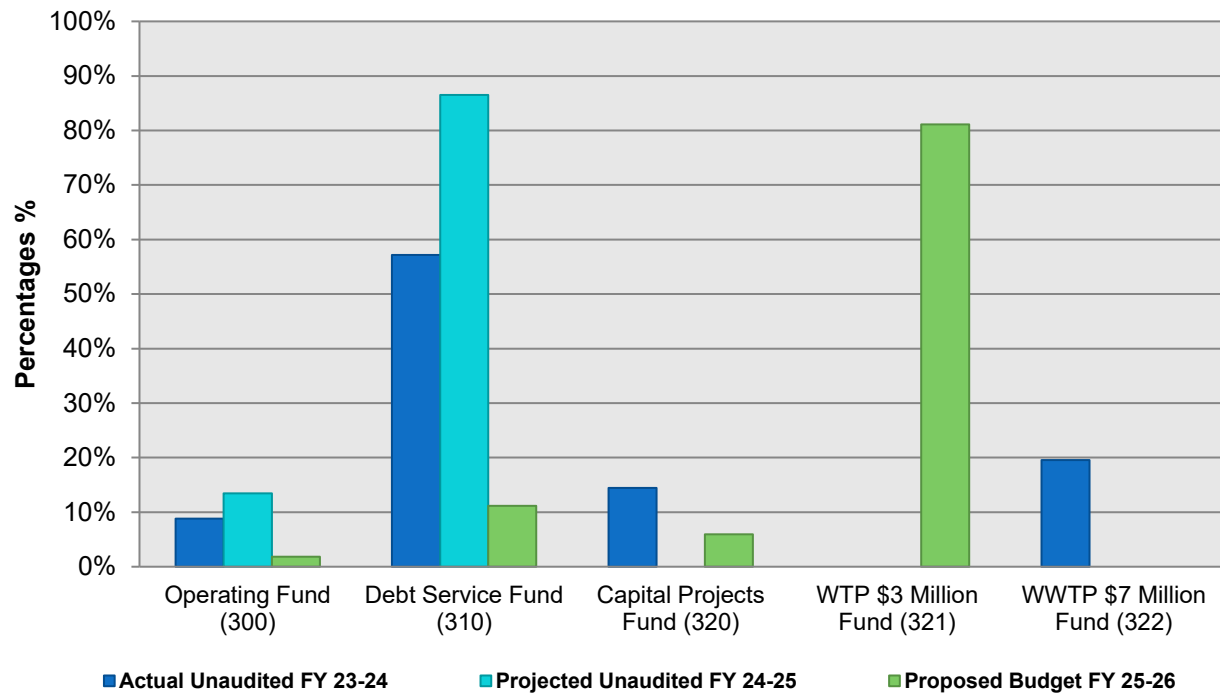
City of Beeville, Texas
2025-26 Budget
BWSD Funds
Revenue Chart

BWSD Funds Revenue Percentages



Account	Actual Audited FY 23-24	%	Projected FY 24-25	%	Adopted Budget FY 25-26	%
Operating Fund (300)	\$ 52,466	8%	\$ 60,727	9%	\$ 60,500	2%
Debt Service Fund (310)	569,259	90%	574,791	89%	612,260	17%
Capital Projects Fund (320)	8,639	1%	8,877	1%	8,200	0%
WTP \$3 Million Fund (321)	-	0%	-	0%	3,000,000	82%
WWTP \$7 Million Fund (322)	4,624	1%	-	0%	-	0%
Total Revenues	634,988	100%	644,396	100%	3,680,960	100%

BWSD Funds Expenditure Percentages



Account	Actual Audited FY 23-24	%	Projected FY 24-25	%	Adopted Budget FY 25-26	%
Operating Fund (300)	\$ 56,042	9%	\$ 57,627	13%	\$ 61,216	2%
Debt Service Fund (310)	364,600	57%	370,300	87%	374,600	11%
Capital Projects Fund (320)	92,178	14%	-	0%	200,000	6%
WTP \$3 Million Fund (321)	-	0%	-	0%	2,725,300	81%
WWTP \$7 Million Fund (322)	124,686	20%	-	0%	-	0%
Total Expenditures	637,507	100%	427,927	100%	3,361,116	100%



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**Beeville Water Supply District
2025-26 Budget
Revenues & Expenditures
Operating Fund (300)**

Classification	2022-23 Actual (Audited)	2023-24 Actual (Audited)	2024-25 Adopted Budget	2024-25 Adjusted Budget	2024-25 Projected	2025-26 Adopted Budget
Beginning Fund Balance:	\$ 6,687	\$ 55	\$ (3,520)	\$ (3,520)	\$ (3,520)	\$ (420)
Revenues:						
Interest (411.01)	778	466	240	240	727	500
Transfers from UF (414.03)	45,000	52,000	60,000	60,000	60,000	60,000
Total Revenues	\$ 45,778	\$ 52,466	\$ 60,240	\$ 60,240	\$ 60,727	\$ 60,500
Expenditures:						
Other Services (506.04)	35,593	35,535	39,000	39,000	36,340	39,000
Accounting & Audit Services (506.31)	7,265	10,000	11,000	11,000	10,400	10,816
Appraisal District (506.32)	9,553	10,507	10,896	10,896	10,886	11,400
Total Expenditures	\$ 52,410	\$ 56,042	\$ 60,897	\$ 60,896	\$ 57,627	\$ 61,216
Net Revenues (Expenditures)	(6,632)	(3,576)	(657)	(656)	3,101	(716)
Ending Fund Balance	\$ 55	\$ (3,520)	\$ (4,178)	\$ (4,177)	\$ (420)	\$ (1,136)



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**Beeville Water Supply District
2025-26 Budget
Revenues & Expenditures
Debt Service Fund (310)**

Classification	2022-23* Actual (Audited)	2023-24 Actual (Audited)	2024-25 Adopted Budget	2024-25 Adjusted Budget	2024-25 Projected	2025-26 Adopted Budget
Beginning Fund Balance:	\$ 978,505	\$ 978,505	\$ 978,505	\$ 978,505	\$ 978,505	\$ 1,182,996
Revenues:						
Ad Valorem-Current (401.01)	519,703	508,560	517,330	517,330	511,103	553,280
Ad Valorem-Delinquent (401.02)	13,525	19,656	17,210	17,210	17,000	16,000
Ad Valorem-P&I (401.03)	10,408	13,860	10,700	10,700	11,954	11,500
Ad Valorem-Rendition (401.04)	634	425	460	460	525	480
Interest (411.01)	22,690	26,758	29,960	29,960	34,209	31,000
Total Revenues	\$ 566,960	\$ 569,259	\$ 575,660	\$ 575,660	\$ 574,791	\$ 612,260
Expenditures:						
Tax Collection Fees (506.29)	5,937	5,800	6,000	6,000	6,000	6,200
Principal Payments (520.01)	-	-	-	-	-	-
Interest Payments (520.02)	101,450	93,800	88,500	88,500	88,500	83,000
Paying Agent Fees (520.03)	400	-	400	400	800	400
Transfer To Fd 910 (999.99)	255,000	265,000	275,000	275,000	275,000	285,000
Total Expenditures	\$ 362,787	\$ 364,600	\$ 369,900	\$ 369,900	\$ 370,300	\$ 374,600
Net Revenues (Expenditures)	204,172	204,659	205,760	205,760	204,491	237,660
Ending Fund Balance	\$ 1,182,677	\$ 1,183,163	\$ 1,184,265	\$ 1,184,265	\$ 1,182,996	\$ 1,420,656

*Beg. Balance Restated due to FY23 Audit

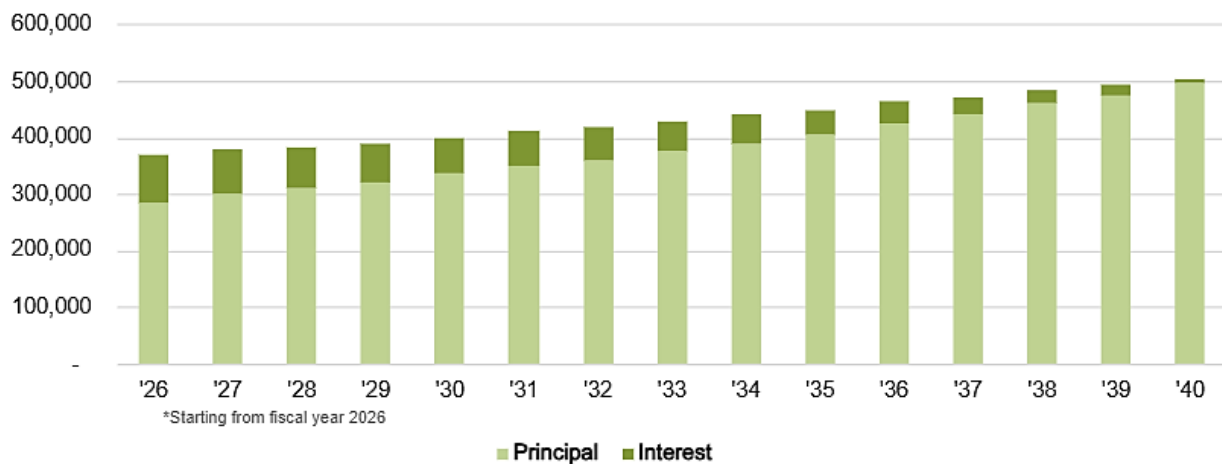


BWSD Debt Service Payment Summary

City of Beeville BWSD Debt Service Requirements FY 2025-26

Bond Issue:	Principal	Interest	Debt Service Payment	Source of Funding
				Ad Valorem Tax (I&S)
2021 Unlimited Tax Bonds WWTP Improvements	\$ 285,000	\$ 83,000	\$ 368,000	368,000 100%
Totals:	\$ 285,000	\$ 83,000	\$ 368,000	368,000

Beeville Water Supply District Total Debt Payments (Principal & Interest) 15 Years



*This Chart represents the payments for Principal and Interest the BWSD owes on its remaining debt.

Five (5) Year Debt Payment Schedule

Debt Type/Description	Fiscal Years				
	2026	2027	2028	2029	2030
2021 Unlimited Tax Bonds (Ending in 2040) WWTP Improvements	368,000	377,300	381,300	388,200	400,000
Overall Total:	\$ 368,000	\$ 377,300	\$ 381,300	\$ 388,200	\$ 400,000

*Above total debt payments for the next five (5) years.



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**Beeville Water Supply District
2025-26 Budget
Revenues & Expenditures
Capital Projects Fund (320)**

Classification	2022-23 Actual (Audited)	2023-24 Actual (Audited)	2024-25 Adopted Budget	2024-25 Adjusted Budget	2024-25 Projected	2025-26 Adopted Budget
Beginning Fund Balance:	\$ 397,580	\$ 315,871	\$ 232,331	\$ 232,331	\$ 232,331	\$ 241,208
Revenues:						
Interest (411.01)	12,433	8,639	7,800	7,800	8,877	8,200
Total Revenues	\$ 12,433	\$ 8,639	\$ 7,800	\$ 7,800	\$ 8,877	\$ 8,200
Expenditures:						
Capital Project-Water Treatment (514.02)	-	-	200,000	200,000	-	200,000
Bond Costs (616)	94,142	92,178	-	-	-	-
Total Expenditures	\$ 94,142	\$ 92,178	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Net Revenues (Expenditures)	(81,709)	(83,540)	(192,200)	(192,200)	8,877	(191,800)
Ending Fund Balance	\$ 315,871	\$ 232,331	\$ 40,131	\$ 40,131	\$ 241,208	\$ 49,408



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City of Beeville, Texas
2025-26 Budget
Revenues & Expenditures
WTP \$3 Million Fund -BWS

Classification	2022-23 Actual (Audited)	2023-24 Actual (Audited)	2024-25 Adopted Budget	2024-25 Adjusted Budget	2024-25 Projected	2025-26 Adopted Budget
Beginning Fund Balance:	\$ (282,500)	\$ (274,700)	\$ (274,700)	\$ (274,700)	\$ (274,700)	\$ (274,700)
Revenues:						
Other Financing Sources - CO's (440.01)	-	-	-	-	-	3,000,000
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
Expenditures:						
Issuance Costs (100-616)	-	-	-	-	-	50,000
Engineering Services (165-506)	(22,500)	-	-	-	-	225,000
Cap Proj-Water Treatment Upgrades (165-514)	-	-	-	-	-	2,175,600
Transfers Out (999-601)	14,700	-	-	-	-	274,700
Total Expenditures	\$ (7,800)	\$ -	\$ -	\$ -	\$ -	\$ 2,725,300
Net Revenues (Expenditures)	7,800	-	-	-	-	274,700
Ending Fund Balance:	\$ (274,700)	\$ (274,700)	\$ (274,700)	\$ (274,700)	\$ (274,700)	\$ -

Budget Notes:

(1) City Staff issued the \$3million for Water Treatment in FY 2024



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City of Beeville, Texas
2025-26 Budget
Revenues & Expenditures
WWTP \$7 MILLION-BWSD

Classification	2022-23* Actual (Audited)	2023-24 Actual (Audited)	2024-25 Adopted Budget	2024-25 Adjusted Budget	2024-25 Projected	2025-26 Adopted Budget
Beginning Fund Balance:	\$ 235,541	\$ 48,694	\$ (71,368)	\$ (71,368)	\$ (71,368)	\$ (71,368)
Revenues:						
Other Financing Sources - CO's (440.01)	-	-	-	-	-	-
Bond Premium (445.01)	-	4,624	-	-	-	-
Total Revenues	\$ -	\$ 4,624	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Other Finance Uses: Underwriting (100-615)	-	-	-	-	-	-
Issuance Costs (100-616)	-	-	-	-	-	-
Engineering Services (200-506)	208,930	-	-	-	-	-
Cap Proj-Water Treatment Upgrades (200-514)	-	-	-	-	-	-
Interest Expense (515.02)	(22,083)	-	-	-	-	-
Transfers Out (999-601)	-	124,686	-	-	-	-
Total Expenditures	\$ 186,847	\$ 124,686	\$ -	\$ -	\$ -	\$ -
Net Revenues (Expenditures)	(186,847)	(120,062)	-	-	-	-
Ending Fund Balance:	\$ 48,694	\$ (71,368)	\$ (71,368)	\$ (71,368)	\$ (71,368)	\$ (71,368)

Budget Notes:

(1) The funds are being used towards the Wastewater Infrastructure improvements



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BEEVILLE WATER SUPPLY DISTRICT

RESOLUTION NO. 2025-01

A RESOLUTION OF THE BEEVILLE WATER SUPPLY DISTRICT APPROVING AND ADOPTING THE DISTRICT'S 2025-2026 FISCAL YEAR BUDGETS WITH OPERATIONS BEGINNING OCTOBER 1, 2025, AND ENDING SEPTEMBER 30, 2026.

BE IT RESOLVED BY THE BEEVILLE WATER SUPPLY DISTRICT, BEEVILLE, TEXAS:

SECTION 1: That the Board of Directors hereby approves and adopts the budget described in the preamble of this resolution, a summary of which is attached hereto as Item "1" and made a part of this Resolution for all purposes and a copy of which is on file with the City Secretary.

SECTION 2: This Resolution was considered, passed, and approved at a Regular meeting of the Beeville Water Supply District of Beeville, Texas at which a quorum was present, and which was held in accordance with Chapter 1, Subchapter D, Sec. 1010.152 of the Texas Special District Local Laws Code.

PASSED AND APPROVED by a vote:

Name	For (Ayes)	Against (Noes)	Absent
Dwight G. Head	✓		
Jody Alaniz	✓		
Bill Stockton	✓		
Randy Seitz	✓		
Vacant			

DULY PASSED, APPROVED AND ADOPTED ON this the 26th day of August 2025 by a vote of 4 for and 0 against at a special meeting of the Beeville Water Supply District of the City of Beeville, Texas.



Beeville Water Supply District:

Dwight G. Head, President

ATTEST:

Gabriela Hernandez, City Secretary

Item "1" to Resolution No. 2025-01

**Beeville Water Supply District
2025-26 Proposed Budget**

Combined Budget Summary

Fund	Estimated Beginning Balance 10/01/2025	Revenues	Expenditures	Transfers In/(Out)	Estimated Ending Balance 9/30/2026
Operating Fund	\$ (420)	\$ 500	\$ 61,216	\$ 60,000	\$ (1,136)
Debt Service Fund	1,182,996	612,260	89,600	(285,000)	1,420,656
Capital Projects/Construction Fund	241,208	8,200	200,000	-	49,408
WTP \$3 Million	(274,700)	3,000,000	2,450,600	(274,700)	-
WWTP \$7 Million	(71,368)	-	-	-	(71,368)
Grand Total	\$ 1,077,716	\$ 3,620,960	\$ 2,801,416	\$ (499,700)	\$ 1,397,560



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BEEVILLE WATER SUPPLY DISTRICT

RESOLUTION NO. 2025-02

A RESOLUTION OF THE BEEVILLE WATER SUPPLY DISTRICT ADOPTING AND LEVYING A TAX RATE FOR THE 2025 TAX YEAR, AND AUTHORIZING TAXPAYER DISCOUNTS.

BE IT RESOLVED BY THE BEEVILLE WATER SUPPLY DISTRICT, BEEVILLE, TEXAS:

SECTION 1: Whereas, that the Board of Directors of the Beeville Water Supply District do hereby adopt and levy a tax rate of \$0.070000 per \$100 of assessed valuation for the 2025 tax year as follows:

\$ -0- for maintenance and operation purposes

\$ 0.070000 for debt service purposes

\$ 0.070000 TOTAL TAX RATE/\$100 assessed value

The Bee County Tax Assessor-Collector is hereby authorized to assess and collect the taxes of the Beeville Water Supply District using the above tax rate.

SECTION 2: Whereas, the Board of Directors hereby rescinds Taxpayer Discounts as stated by the Texas Property Tax Code Section 31.05 (d).

SECTION 3: This Resolution was considered, passed, and approved at a Regular meeting of the Beeville Water Supply District of Beeville, Texas at which a quorum was present, and which was held in accordance with Chapter 1, Subchapter D, Sec. 1010.152 of the Texas Special District Local Laws Code.

PASSED AND APPROVED by a vote:

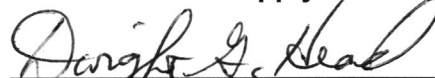
Name	For (Ayes)	Against (Noes)	Absent
Dwight G. Head	✓		
Jody Alaniz	✓		
Bill Stockton	✓		
Randy Seitz	✓		
Vacant			

DULY PASSED, APPROVED AND ADOPTED ON this the 26th day of August 2025 by a vote of 4 for and 0 against at a special meeting of the Beeville Water Supply District of the City of Beeville, Texas.


ATTEST:


Gabriela Hernandez, City Secretary

Beeville Water Supply District:


Dwight G. Head, President

Water District

Notice of Public Hearing on Tax Rate

The Beeville Water District will hold a public hearing on a proposed tax rate for the tax year 2025 on August 26, 2025 at 12:00 PM at JOHN C. FULGHUM EVENT CENTER, 111 E CORPUS CHRISTI ST., BEEVILLE, TX 78102. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

For the proposal: JODY ALANIZ DWIGHT G. HEAD
RANDY SEITZ

Against the proposal:

Present and not voting:

Absent: BILL STOCKTON

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	\$0.070000/\$100 Adopted	\$0.070000/\$100 Proposed
Difference in rates per \$100 of value		\$0.000000
Percentage increase/decrease in rates(+/-)		0.00%
Average residence homestead appraised value	\$143,939	\$146,238
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$11,863	\$7,097
Average residence homestead taxable value	\$132,076	\$139,141
Tax on average residence homestead	\$92.45	\$97.40
Annual increase/decrease in taxes if proposed tax rate is adopted(+/-) and percentage of increase (+/-)		\$4.95 5.35%

If the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate the BEEVILLE WATER SUPPLY DISTRICT BOARD of Beeville Water District proposes to use the tax increase for the purpose of .

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code. An election is not required if the adopted tax rate is less than or equal to the voter-approval tax rate.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

2025 Developed Water District Voter-Approval Tax Rate Worksheet

Form 50-860

Beeville Water District

Water District Name

Phone (area code and number)

Water District's Address, City, State, ZIP Code

Water District's Website Address

GENERAL INFORMATION: The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: Voter-Approval Tax Rate

The voter-approval tax rate for developed water districts is the current year's debt service, contract and unused increment tax rates plus the maintenance and operation (M&O) tax rate that would impose no more than 1.035 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

If any part of the developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	Prior year average appraised value of residence homestead. ¹	\$ 143,939
2.	Prior year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ²	\$ 11,863
3.	Prior year average taxable value of residence homestead. Line 1 minus Line 2.	\$ 132,076
4.	Prior year adopted M&O tax rate.	\$ 0.070000 /\$100
5.	Prior year M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ 92.45
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.035. ³	\$ 95.68
7.	Current year average appraised value of residence homestead.	\$ 146,238
8.	Current year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ⁴	\$ 7,097
9.	Current year average taxable value of residence homestead. Line 7 minus Line 8.	\$ 139,141
10.	Highest current year M&O tax rate. Line 6 divided by Line 9, multiply by \$100. ⁵	\$ 0.068764 /\$100
11.	Current year debt tax rate.	\$ 0.070000 /\$100
12.	Current year contract tax rate.	\$ 0.000000 /\$100
13.	Year 3 Foregone Revenue Amount. Subtract the 2024 unused increment rate and 2024 actual tax rate from the 2024 voter-approval tax rate. Multiply the result by the 2024 current total value. A. Voter-approval tax rate B. Unused increment rate C. Subtract B from A D. Adopted Tax Rate E. Subtract D from C F. 2024 Total Taxable Value G. Multiply E by F and divide the results by \$100	 \$ 0.070000 /\$100 \$ 0.000000 /\$100 \$ 0.070000 /\$100 \$ 0.070000 /\$100 \$ 0.000000 /\$100 \$ 124,160 \$ 0

¹ Tex. Water Code § 49.236(a)(2)(C)

² Tex. Water Code § 49.236(a)(2)(D)

³ Tex. Water Code § 49.23602(a)(2)(A)

⁴ Tex. Water Code § 49.236(a)(2)(E)

⁵ Tex. Water Code § 49.236(a)(2)(F)

Line	Worksheet	Amount/Rate
14.	Year 2 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value.	
	A. Voter-approval tax rate	\$ 0.080000 /\$100
	B. Unused increment rate	\$ 0.000000 /\$100
	C. Subtract B from A	\$ 0.080000 /\$100
	D. Adopted Tax Rate	\$ 0.080000 /\$100
	E. Subtract D from C	\$ 0.000000 /\$100
	F. 2023 Total Taxable Value	\$ 0
	G. Multiply E by F and divide the results by \$100	\$ 0
15.	Year 1 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value	
	A. Voter-approval tax rate	\$ 0.065384 /\$100
	B. Unused increment rate	\$ 0.000000 /\$100
	C. Subtract B from A	\$ 0.065384 /\$100
	D. Adopted Tax Rate	\$ 0.065384 /\$100
	E. Subtract D from C	\$ 0.000000 /\$100
	F. 2022 Total Taxable Value	\$ 0
	G. Multiply E by F and divide the results by \$100	\$ 0
16.	Total Foregone Revenue Amount. Add Lines 13G, 14G and 15G.	\$ 0
17.	2025 Unused Increment Rate. Divide Line 16 by the current total value as defined in Tax Code Section 26.012(6). Multiply the result by 100. ⁶	\$ 0 /\$100
18.	Total 2025 voter-approval tax rate, including the unused increment rate.	\$ 0.138764 /\$100

SECTION 2: Mandatory Tax Election Rate

The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.⁷

Line	Worksheet	Amount/Rate
19.	Prior year average taxable value of residence homestead. Enter the amount from Line 3.	\$ 132,076
20.	Prior year adopted total tax rate.	\$ 0.070000 /\$100
21.	Prior year total tax on average residence homestead. Multiply Line 19 by Line 20 divide by \$100.	\$ 92.45
22.	Current year mandatory election amount of taxes per average residence homestead. Multiply Line 21 by 1.035.	\$ 95.68
23.	Current year mandatory election tax rate, before unused increment. Divide Line 22 by Line 9 and multiply by \$100.	\$ 0.068764 /\$100
24.	Current year mandatory tax election rate. Add Line 17 and Line 23.	\$ 0.068764 /\$100

SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate and mandatory tax election rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code.⁸

**print
here** ➡

Printed Name of Water District Representative

**sign
here** ➡

Water District Representative

Date

⁶ Tex. Tax Code § 26.013

⁷ Tex. Water Code § 49.23602(a)(2)

⁸ Tex. Water Code § 49.23602

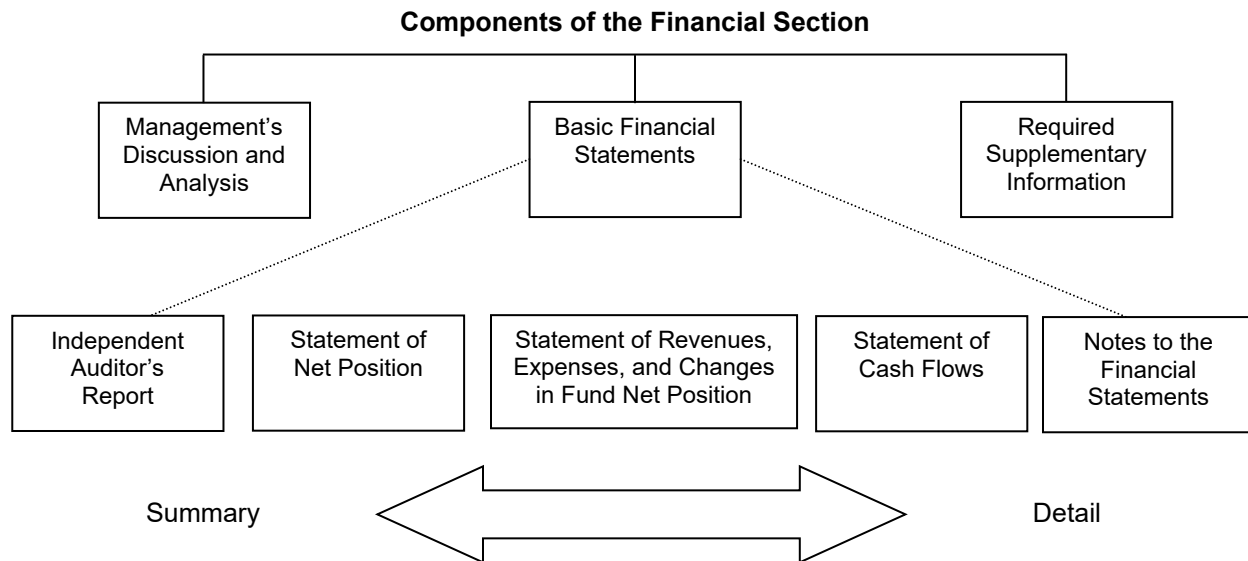


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BEEVILLE WATER SUPPLY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Beeville Water Supply District (the "District") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The District's basic financial statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Fund Net Position; Statement of Cash Flows; and notes to the financial statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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. Other nonfinancial factors, such as the District's customer base and the condition of the District's infrastructure, need to be considered to assess the overall health of the District.

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

The Statement of Cash Flows presents information about the District's cash receipts and cash payments during the reporting period. It reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The basic financial statements can be found after the MD&A within this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are the last section of the basic financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's total net position increased from a deficit of \$956,580 to a deficit of \$895,244, or 6.4%.

Key elements of this increase are as follows:

- Operating expenses decreased \$58,652 or 23.9% primarily due to a decrease in engineering expenses related to the City of Beeville owned Moore Street Wastewater Treatment Plant.
- Capital assets, net of accumulated depreciation, decreased \$201,147 or 5.0% percent primarily due to current year depreciation.
- Noncurrent liabilities decreased \$269,624 or 4.3% due to principal payments on debt and the amortization of premiums in the current year.

Unrestricted net position increased \$226,301 from a deficit balance of \$6,343,558 to a deficit balance of \$6,117,257 or 3.6% at the end of this year. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation.

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>
ASSETS			
Current and other assets	\$ 1,390,338	\$ 1,397,774	\$ (7,436)
Capital assets, net	<u>3,834,677</u>	<u>4,035,824</u>	<u>(201,147)</u>
Total assets	<u>5,225,015</u>	<u>5,433,598</u>	<u>(208,583)</u>
LIABILITIES			
Current liabilities	46,270	46,565	(295)
Noncurrent liabilities	<u>6,073,989</u>	<u>6,343,613</u>	<u>(269,624)</u>
Total liabilities	<u>6,120,259</u>	<u>6,390,178</u>	<u>(269,919)</u>
NET POSITION			
Net investment in capital assets	3,834,677	4,035,824	(201,147)
Restricted for			
Construction	-	168,477	(168,477)
Debt service	1,387,336	1,182,677	204,659
Unrestricted	<u>(6,117,257)</u>	<u>(6,343,558)</u>	<u>226,301</u>
Total net position	<u>\$ (895,244)</u>	<u>\$ (956,580)</u>	<u>\$ 61,336</u>

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>
Operating revenues			
Operating revenues	\$ 52,000	\$ 45,000	\$ 7,000
Nonoperating revenues	<u>578,364</u>	<u>580,171</u>	<u>(1,807)</u>
Total revenues	<u>630,364</u>	<u>625,171</u>	<u>5,193</u>
Operating expenses			
Depreciation expense	293,325	282,807	10,518
Operating expenses	186,527	245,179	(58,652)
Nonoperating expenses	<u>89,176</u>	<u>79,367</u>	<u>9,809</u>
Total expenses	<u>569,028</u>	<u>607,353</u>	<u>(38,325)</u>
Change in net position	61,336	17,818	43,518
Beginning net position	<u>(956,580)</u>	<u>(974,398)</u>	<u>17,818</u>
Ending Net Position	<u>\$ (895,244)</u>	<u>\$ (956,580)</u>	<u>\$ 61,336</u>

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

CAPITAL ASSETS

At year end, the District had invested \$3,834,677 in capital assets, net of accumulated depreciation. This investment in capital assets includes water treatment infrastructure and related equipment.

Major capital asset events during the year include the following:

- Construction in progress for the Morrill Water Treatment Plant project - \$273,700
- Completion of the Cleveland Pump Station Pump Rehab - \$186,321

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At year end, the District had \$6,073,989 in unlimited tax bonds outstanding versus \$6,343,613 last year.

More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS

The biggest economic issue facing the District is the cost of materials increasing due to inflation, an older infrastructure that will need improvements and the looming questions/answer of finding alternative water sources as the Corpus Christi Lake is beginning depleted monthly due to the drought South Texas is experiencing. As for payment/issuance of debt, the District has built up a sizeable reserve and the revenues to pay down debt are solely based on the Interest and Sinking (I&S) tax collections. The adopted total property tax rate for the 2024 tax levy, which is for revenues in fiscal year 2025, is \$0.07 per \$100 of taxable property values. There is no increase or decrease for fiscal year 2025 as the tax rate is staying the same.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Beeville Finance Department, 400 N. Washington, Beeville, Texas 78102 or send an email at finance.director@beevilletx.org.

BASIC FINANCIAL STATEMENTS

BEEVILLE WATER SUPPLY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2024

	Business-Type <u>Activities</u> <u>Enterprise</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,716
Receivables, net	79,613
Restricted cash and cash equivalents	<u>1,307,009</u>
Total current assets	<u>1,390,338</u>
Noncurrent assets	
Nondepreciable capital assets	
Construction in progress	273,700
Depreciable capital assets:	
Infrastructure	11,614,734
Less accumulated depreciation	<u>(8,053,757)</u>
Total noncurrent assets	<u>3,834,677</u>
Total assets	<u>5,225,015</u>
LIABILITIES	
Current liabilities	
Accounts payable	37,816
Accrued interest payable	<u>8,454</u>
Total current liabilities	<u>46,270</u>
Noncurrent liabilities	
Long-term liabilities due within one year	275,000
Long-term liabilities due in more than one year	<u>5,798,989</u>
Total noncurrent liabilities	<u>6,073,989</u>
Total liabilities	<u>6,120,259</u>
NET POSITION	
Net investment in capital assets	3,834,677
Restricted	
Debt service	1,387,336
Unrestricted	<u>(6,117,257)</u>
Total net position	<u>\$ (895,244)</u>

See Notes to Financial Statements.

BEEVILLE WATER SUPPLY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2024

	Business-Type <u>Activities</u> <u>Enterprise</u>
Operating revenues	
Miscellaneous	\$ 52,000
Total operating revenues	<u>52,000</u>
Operating expenses	
Other services and charges	186,527
Depreciation	<u>293,325</u>
Total operating expenses	<u>479,852</u>
 Operating (loss)	 <u>(427,852)</u>
Nonoperating revenues (expenses)	
Interest income	35,863
Property taxes	542,501
Interest expense and fiscal agent fees	<u>(89,176)</u>
Total nonoperating revenues	<u>489,188</u>
 Change in net position	 61,336
Beginning net position	<u>(956,580)</u>
Ending Net Position	<u><u>\$ (895,244)</u></u>

See Notes to Financial Statements.

BEEVILLE WATER SUPPLY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise
Cash flows from operating activities	
Receipts from customers and users	\$ 45,157
Payments to suppliers	<u>(186,822)</u>
Net cash (used) by operating activities	<u>(141,665)</u>
Cash flows from noncapital financing activities	
Property tax	<u>542,501</u>
Net cash provided by noncapital financing activities	<u>542,501</u>
Cash flows from capital and related financing activities	
Construction of capital assets	(92,179)
Principal paid on capital debt	(265,000)
Interest and fiscal agent fees paid, net	<u>(93,800)</u>
Net cash (used) by capital and related financing activities	<u>(450,979)</u>
Cash flows from investing activities	
Interest income	<u>35,863</u>
Net cash provided by investing activities	<u>35,863</u>
Net (decrease) in cash and cash equivalents	(14,280)
Beginning cash and cash equivalents	<u>1,325,005</u>
Ending cash and cash equivalents	<u>\$ 1,310,725</u>
Unrestricted cash and equity in pooled cash	\$ 3,716
Restricted cash and equity in pooled cash	<u>1,307,009</u>
Total cash and equity in pooled cash	<u>\$ 1,310,725</u>
Reconciliation of operating (loss) to net cash (used) by operating activities	
Operating (loss)	\$ (427,852)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	293,325
Changes in operating assets and liabilities	
(Increase) decrease in current assets	
Receivables, net	(6,843)
Increase (decrease) in current liabilities	
Accounts payable	<u>(295)</u>
Net cash (used) by operating activities	<u>\$ (141,665)</u>

See Notes to Financial Statements.

BEEVILLE WATER SUPPLY DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1 - CREATION OF DISTRICT

The Beeville Water Supply District (the "District"), located in Bee County, Texas, is a conservation and reclamation district created under Chapter 432 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas (now codified as Chapter 6905, Texas Special District Local Laws Code, as amended), all pursuant to Article 16, Section 59 of the Texas Constitution. The area of the District encompasses approximately 3,085 acres, including the City of Beeville, Texas (the "City").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity: The District has no component units and is presented on a stand-alone basis. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities and are presented as a proprietary fund type.

The District has no employees. Personnel employed by contracted vendors are responsible for the physical operation and maintenance of the water treatment plant. The City's personnel perform the purchasing and accounting functions of the District.

Basis of Presentation – Financial Statements: The financial statements report information on all of the nonfiduciary activities of the primary government.

The District reports the following enterprise fund:

The *enterprise fund* is used to account for the activities of the District's water operations and property taxes collected. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The property taxes are used to service the bonded debt. The enterprise fund is considered a major fund for reporting purposes.

Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Deposits and Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund type considers temporary investments with maturity of three months or less when purchased to be cash equivalents.

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments, except for certain investment pools and commercial paper, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. government
- Fully collateralized certificates of deposit
- Money market accounts
- Statewide investment pools

Property Tax Receivables: All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes and 10 percent of delinquent outstanding property taxes at September 30, 2024. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Traditionally, property taxes are levied on October 1 of the year in which they are assessed or soon thereafter, as practicable. Taxes are due and payable when levied since that is when the District bills the taxpayers. The District begins to collect the taxes as soon as the taxpayers are billed.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water lines), have been recorded at cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

<u>Assets Depreciation</u>	<u>Estimated Useful Life</u>
Infrastructure	10-50 years

Long-Term Obligations: The District reports long-term debt as a liability on the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Operating and Nonoperating Revenues: Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of the state of Texas (the "State") or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The District's deposits were fully insured or collateralized as required by the State statutes at year end.

At September 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,310,725 and the bank balance was \$1,781,503. The District's cash deposits at September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

As of September 30, 2024, the District did not have any investments.

Interest Rate Risk – In compliance with the District's investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term investments.

Credit Risk – As of year-end and in compliance with the District's investment policy, the District minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities; prequalifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the District will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

NOTE 4 - FUND EQUITY

As of September 30, 2024, the District reported a negative net position of \$895,244. The deficit is due to bonds issued to fund improvements to a City owned wastewater treatment plant.

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 5 - CAPITAL ASSETS

	Primary Government			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<u>Business-type activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 367,842	\$ 92,179	\$ (186,321)	\$ 273,700
Total capital assets not being depreciated	<u>367,842</u>	<u>92,179</u>	<u>(186,321)</u>	<u>273,700</u>
Capital asset being depreciated				
Infrastructure	<u>11,428,413</u>	<u>186,321</u>	<u>-</u>	<u>11,614,734</u>
Total other capital assets	<u>11,428,413</u>	<u>186,321</u>	<u>-</u>	<u>11,614,734</u>
Less accumulated depreciation for				
Infrastructure	<u>(7,760,431)</u>	<u>(293,326)</u>	<u>-</u>	<u>(8,053,757)</u>
Total accumulated depreciation	<u>(7,760,431)</u>	<u>(293,326)</u>	<u>-</u>	<u>(8,053,757)</u>
Total capital assets being depreciated, net	<u>3,667,982</u>	<u>(107,005)</u>	<u>-</u>	<u>3,560,977</u>
Total business-type activities capital assets, net	<u>\$ 4,035,824</u>	<u>\$ (14,826)</u>	<u>\$ (186,321)</u>	<u>3,834,677</u>
			Net investment in capital assets	<u>\$ 3,834,677</u>

Significant construction in progress and the remaining project costs under construction contracts for the District at year end were as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Project Cost</u>
Morril Water Treatment Plant Improvements	<u>\$ 273,700</u>	<u>\$ 216,300</u>

(Continued)

BEEVILLE WATER SUPPLY DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6 - LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Business-type activities</u>					
Unlimited Tax Bonds, Series 2021 from direct borrowing/ placement	\$ 6,265,000	\$ -	\$ (265,000)	\$ 6,000,000	\$ 275,000
Premium	<u>78,613</u>	<u>-</u>	<u>(4,624)</u>	<u>73,989</u>	<u>-</u>
Total business-type activities	<u>\$ 6,343,613</u>	<u>\$ -</u>	<u>\$ (269,624)</u>	<u>\$ 6,073,989</u>	<u>\$ 275,000</u>
Debt associated with payable in more than one year				<u>\$ 5,798,989</u>	

The District issued Unlimited Tax Bonds, Series 2021 (the "Bonds") in fiscal year 2021 for the purpose of financing the construction and equipping of extensions and improvements to the Moore Street Wastewater Treatment Plant, which is owned solely by the City. The Moore Street Wastewater Treatment Plant provides services exclusively for the residents of the City and the District.

The Bonds constitute a direct obligation of the District and are payable from ad valorem taxes levied annually against all taxable property located within the District.

The District's annual requirements to amortize long-term debt outstanding at fiscal year-end are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 275,000	\$ 88,500	\$ 363,500
2026	285,000	83,000	368,000
2027	300,000	77,300	377,300
2028	310,000	71,300	381,300
2029	320,000	68,200	388,200
2030- 2034	1,810,000	288,313	2,098,313
2035- 2039	2,205,000	155,050	2,360,050
2040	<u>495,000</u>	<u>8,663</u>	<u>503,663</u>
Total	<u>\$ 6,000,000</u>	<u>\$ 840,326</u>	<u>\$ 6,840,326</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

(Continued)

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year-end.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

In March 1982, the District entered into an agreement with the City of Corpus Christi (the "Water Supply Agreement") to purchase water for municipal purposes. The Agreement was amended in May 1988 pursuant to an agreement captioned "Addendum to Water Contract." A second amendment was approved in October 2019 pursuant to an agreement captioned "Second Addendum to Water Contract."

The District entered into a contract with City of Beeville (the "City") in April 2015. This contract replaced all prior contracts between the parties. The District has constructed the water intake facilities, pumps, transmission lines, and a treatment plant to be used to acquire raw water from the City of Corpus Christi, treat such water, and deliver it to the City for sale to its customers. The District agrees to use its best efforts to furnish water requested by the City, but its obligations to furnish such water shall be limited to the amount of water available to it, the capacity of the District's supply main, and the provisions of the Water Supply Agreement with the City of Corpus Christi.



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OFFICIAL STATEMENT
Dated January 13, 2021

NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: S&P: “AA” Enhanced/“A-” Underlying
See “OTHER INFORMATION – Rating,”
“BOND INSURANCE” and
“BOND INSURANCE GENERAL RISKS” herein)

In the opinion of Bond Counsel, interest on the Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

THE BONDS HAVE BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

\$7,000,000
BEEVILLE WATER SUPPLY DISTRICT
(Bee County, Texas)
UNLIMITED TAX BONDS, SERIES 2021

Dated Date: January 1, 2021

Due: September 1, as shown on inside cover

Interest accrues from the Date of Initial Delivery (defined below)

AUTHORITY FOR ISSUANCE . . . The \$7,000,000 Beeville Water Supply District Unlimited Tax Bonds, Series 2021 (the “Bonds”) are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas (the “State”), including Chapter 6905, as amended, Texas Special District Local Laws Code, a bond election held in the District on May 4, 2019, the approving order of the Texas Commission on Environmental Quality (the “TCEQ”), and a Resolution (the “Resolution”) adopted by the Board of Directors of the Beeville Water Supply District (the “District” or “Issuer”) on January 13, 2021 authorizing the issuance of the Bonds.

The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without limitation as to rate or amount. (See “THE BONDS - Security and Source of Payment”.)

PAYMENT TERMS . . . Interest on the Bonds will accrue from the date of their initial delivery to the Purchaser (defined below), will be payable on March 1 and September 1 of each year commencing March 1, 2021, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System” herein. The initial Paying Agent/Registrar is UMB Bank, N.A., Houston, Texas (see “THE BONDS – Paying Agent/Registrar”).

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (1) construct and equip extensions and improvements to wastewater and water supply facilities serving the City of Beeville, and (2) pay for professional services related to the cost of issuance of the Bonds.

CUSIP PREFIX: 077158
MATURITY SCHEDULE & CUSIP SUFFIX
See Schedule on Page 2

BOND INSURANCE . . . The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS.”



LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas (see APPENDIX C - “Form of Bond Counsel’s Opinion”).

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on February 2, 2021 (the “Date of Initial Delivery”).

\$7,000,000
BEEVILLE WATER SUPPLY DISTRICT
(Bee County, Texas)
UNLIMITED TAX BONDS, SERIES 2021

MATURITY SCHEDULE

CUSIP Prefix: 077158⁽¹⁾

Serial Bonds

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <u>Suffix⁽¹⁾</u>
2021	\$235,000	3.000%	0.150%	DA8
2022	245,000	3.000%	0.200%	DB6
2023	255,000	3.000%	0.300%	DC4
2024	265,000	2.000%	0.400%	DD2
2025	275,000	2.000%	0.500%	DE0
2026	285,000	2.000%	0.600%	DF7
2027	300,000	2.000%	0.700%	DG5
2028	310,000	1.000%	0.800%	DH3
2029	320,000	1.000%	0.900%	DJ9
2030	335,000	1.000%	1.000%	DK6
2031	350,000	1.000%	1.100%	DL4
2032	360,000	1.125%	1.200%	DM2
2033	375,000	1.250%	1.300%	DN0
2034	390,000	1.375%	1.400%	DP5
2035	405,000	1.500%	1.500%	DQ3
2036	425,000	1.500%	1.600%	DR1
2037	440,000	1.625%	1.650%	DS9
2038	460,000	1.625%	1.700%	DT7
2039	475,000	1.750%	1.750%	DU4
2040	495,000	1.750%	1.800%	DV2

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Optional Redemption”).

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the District, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

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DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)	Occupation
Mr. William Stockton President	26	2022	Financial Advisor Edward Jones
Mr. John Galloway Vice President	2	2022	Business Owner Funeral Home
Mr. Jody Alaniz Director	1	2024	Business Owner Automobile Garage
Mr. Dwight Head Director	(1)	2024	Agricultural Engineer M&E Consultants
(Vacant)			

⁽¹⁾ Mr. Head was sworn to serve the remainder of the previous Board of Director, Mr. Buddy Hardy, who passed away October 2020.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Years of Service with the District
Mr. John Benson	City Manager	6 months
Mr. Frank Warner	City Attorney	30
Ms. Kristine Horton	Finance Director	7
Ms. Gabriela Hernandez	City Secretary	6½

CONSULTANTS AND ADVISORS

Bond Counsel.....	McCall, Parkhurst & Horton L.L.P. San Antonio, Texas
Auditors	Beyer & Co., Certified Public Accountants Pleasanton, Texas
Financial Advisor	Specialized Public Finance Inc. San Antonio, Texas

For additional information regarding the District, please contact:

<p>Mr. John Benson City Manager City of Beeville 400 N. Washington Beeville, Texas 78102 Phone: (361) 358-4641 Facsimile: (361) 358-7355 john.benson@beevilletx.org</p>	or	<p>Mr. Victor Quiroga, Jr. Managing Director Specialized Public Finance Inc. 10010 San Pedro Ave., Suite 301 San Antonio, Texas 78216 Phone: (210) 239-0204 Facsimile: (210) 239-0126 victor@spfmuni.com</p>
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USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Purchaser 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 or the Purchaser. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Bonds in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the District or obtained from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinion or that they will be realized. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement, nor any other statement made in connection with the offer or sale of the Bonds, is to be construed as constituting an agreement with the Purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM OR THE MUNICIPAL BOND INSURER PROVIDER, OR ITS POLICY DESCRIBED UNDER “BOND INSURANCE” AND “BOND INSURANCE GENERAL RISKS”, AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE INSURER, RESPECTIVELY.

ASSURED GUARANTY MUNICIPAL CORP. (“AGM”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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The cover page hereof, this page, the schedule and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT	The Beeville Water Supply District (the “District” or “Issuer”) is located in Bee County, Texas is a conservation and reclamation district created under Chapter 432 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas (now codified as Chapter 6905, Texas Special District Local Laws Code, as amended), all pursuant to Article 16, Section 59 of the Texas Constitution. The area of the District encompasses approximately 3,085 acres including all of the City of Beeville, Texas. (See “APPENDIX B - General Information Regarding the Beeville Water Supply District and Bee County, Texas”)(see “INTRODUCTION – Description of the District”).
THE BONDS	The \$7,000,000 Beeville Water Supply District Unlimited Tax Bonds, Series 2021 (the “Bonds”) are issued as serial Bonds maturing September 1 in the years 2021 through 2040 (see “THE BONDS – Description of the Bonds”).
AUTHORITY FOR ISSUANCE	The Bonds are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas (the “State”), including Chapter 6905, Texas Special District Local Laws Code, as amended, the approving order of the Texas Commission on Environmental Quality (the “TCEQ”), and a resolution (the “Resolution”) adopted by the Board of Directors of the Issuer on January 13, 2021 authorizing the issuance of the Bonds.
DATE OF INITIAL DELIVERY	It is expected that the Bonds will be available for delivery through DTC on February 2, 2021.
PAYMENT OF INTEREST	Interest on the Bonds will accrue from the Date of Initial Delivery and is payable on March 1, 2021, and September 1 and March 1 thereafter until stated maturity or prior redemption (see “THE BONDS – Description of the Bonds”).
SECURITY FOR THE BONDS.....	The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without limitation as to rate or amount.
OPTIONAL REDEMPTION	The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Optional Redemption”).
TAX EXEMPTION.....	In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.
QUALIFIED TAX-EXEMPT BONDS.....	The Bonds have been designated as “qualified tax-exempt obligations for financial institutions. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions” herein.
USE OF PROCEEDS.....	Proceeds from the sale of the Bonds will be used to (1) construct and equip extensions and improvements to wastewater and water supply facilities serving the City of Beeville, and (2) pay for professional services related to the cost of issuance of the Bonds.
MUNICIPAL BOND INSURANCE	The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM”). (See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” herein).

RATING	S&P Global Ratings (“S&P”) has rated the Bonds “AA” by virtue of a municipal bond insurance policy to be issued by AGM. In addition, the underlying, unenhanced rating on the Bonds is “A-” by S&P (see “OTHER INFORMATION – Rating”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS – Book-Entry-Only System”).
PAYMENT RECORD	The Issuer has never defaulted in payment of its bonded indebtedness.

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**OFFICIAL STATEMENT
RELATING TO

\$7,000,000
BEEVILLE WATER SUPPLY DISTRICT
(Bee County, Texas)
UNLIMITED TAX BONDS, SERIES 2021**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance by the Beeville Water Supply District (the “District” or “Issuer”) of \$7,000,000 Beeville Water Supply District Unlimited Tax Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to the laws of the State of Texas, including Chapter 6905, Texas Special District Local Laws Code, as amended, an election held in the District on May 4, 2019, the approving order from the Texas Commission on Environmental Quality (the “TCEQ”), and a resolution (the “Resolution”) adopted by the Board of Directors of the Issuer on January 13, 2021. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution, except as otherwise indicated herein. The term “Purchaser” used herein means the initial purchaser of the Bonds, as determined from the submission on January 13, 2021 of the winning bid for the Bonds.

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

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see “OTHER INFORMATION – Forward-Looking Statements Disclaimer”).

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets System (“EMMA”). See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE DISTRICT . . . The Issuer is a conservation and reclamation district created under Chapter 432 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas (now codified as Chapter 6905, Texas Special District Local Laws Code, as amended), all pursuant to Article XVI section 59 of the Texas Constitution.. The Issuer covers approximately 3,085 acres.

INFECTIOUS DISEASE OUTBREAK – COVID-19 . . . The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on June 26, 2020 of Executive Order GA-28, as amended on July 2, 2020 which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, childcare services, youth camps, recreational programs, and religious services, do not have the foregoing limitations. The Governor’s order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-28 continued restrictions on nursing homes, state supported living centers, assisted living facilities, or long-term care facilities unless to provide critical assistance. A subsequent Executive Order, GA-29, listed the requirements and exceptions for face coverings. Executive Orders GA-28 (as amended) and GA-29 remain in place until amended, rescinded, or superseded by the Governor.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the District and its surrounding area. The City of Beeville experienced a 4% (unaudited) decrease in sales tax revenues for fiscal year 2019. The City, in the current budget, implemented budget cuts of approximately 5% in City departments and eliminated unfilled employment positions to mitigate any continued effects of the Pandemic. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of sales taxes, charges, and other fees within the District.

The Bonds are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the District. A reduction in the collection of taxes may negatively impact the District's overall financial condition.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated January 1, 2021, and mature on September 1 in each of the years and in the amounts shown on page 2. Interest on the Bonds will accrue from the date of their initial delivery to the Purchaser, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1, 2021 and on each September 1 and March 1 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are being issued pursuant to the Constitution and the State of Texas, including Chapter 6905, Texas Special District Local Laws Code, as amended, the approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and a resolution (the "Resolution") adopted by the Board of Directors of the Issuer.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without limitation as to rate or amount.

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (1) construct and equip extensions and improvements to wastewater and water supply facilities serving the City of Beeville, and (2) pay for professional services related to the cost of issuance of the Bonds.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bond to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is so rescinded. **ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.**

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bond called for redemption or any other action premised or any such notice.

Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bond held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bond from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See “THE BONDS – Book-Entry-Only System” herein.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Resolution has been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DEFEASANCE . . . General. The Resolution provides for the defeasance of the Bonds when payment of the principal of and 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 other financial institution permitted by applicable state law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that 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, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Resolution provides that “Defeasance Securities” 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, (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 and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall 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 the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

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

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 Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities Bonds. 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 the Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds 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, Bonds will be printed and delivered to DTC.

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

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

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

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor, nor the Purchaser.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See “Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Bond.

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

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

registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Resolution establishes specific events of default with respect to the Bonds. If the District (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Resolution, the failure to perform which materially, adversely affects the rights of the holders including but not limited to their prospect or ability to be repaid in accordance with the Resolution, and the continuation thereof for 30 days after the District has received written notice of such defaults, the Resolution provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Resolution does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or covenants in the Resolution. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

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 covers municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The District is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

As noted above, the Resolution provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the District under the Resolution. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. 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).

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it.

AMENDMENTS TO THE RESOLUTION . . . In the Resolution, the District has reserved the right to amend the Resolution without the consent of any owners for the purpose of amending or supplementing such Resolution as may be required (i) by the provisions of such Resolution, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners.

The Resolution further provides that the owners of the Bonds aggregating in principal amount 51% of such outstanding Bonds shall have the right from time to time to approve any amendment not described above to the Resolution if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the applicable owners in original principal amount of the then outstanding Bonds no amendment may be made for the purpose of (i) extending the time or times of payment of the principal of and

interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, (ii) giving any preference to any Bond over any other Bond, (iii) extending any waiver of default to subsequent defaults, or (iv) reducing the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission. Reference is made to the Resolution for further provisions relating to the amendment thereof.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At September 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,671 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,042 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,111 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

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BOND INSURANCE GENERAL RISKS

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by AGM (the “Insurer”) at such time and in such amounts as would have been due absent such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see “THE BONDS – Bondholders’ Remedies”). The Insurer may direct the pursuit of available remedies, and generally must consent to any remedies available to and requested by the Beneficial Owners. In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable from the ad valorem tax levied on all taxable property located within the District. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

The long-term rating on the Bonds will be dependent on the financial strength of the Insurer and its claims paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds (see the disclosure described in “OTHER INFORMATION – Ratings” herein.)

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer; the remedies available may be limited by applicable bankruptcy law. None of the District, the Purchaser, or the District’s Financial Advisor has made an independent investigation into the claims paying ability of any Insurer and no assurance or representation regarding the financial strength or projected financial strength of any Insurer will be given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody’s Investors Services, Inc., S&P Global Ratings (“S&P”), and Fitch Ratings, Inc. (collectively, the “Rating Agencies”) have in recent years, downgraded, and/or placed on negative credit watch, the claims-paying ability and financial strength of all providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of municipal bond insurers, including any Insurer. Thus, when making an investment decision, potential investors should carefully consider the ability of any such municipal bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such municipal bond insurer, particularly over the life of the investment.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (“Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Bee County Appraisal District (the “Appraisal District”). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – Issuer and Taxpayer Remedies."

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased, or repealed at an election called by the governing body of a taxing unit upon presentation of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See APPENDIX, Table 1, for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the state to be forwarded outside the State, and are detained in the State for one hundred seventy-five days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within one hundred seventy-five days ("goods-in-transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax goods-in-transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax goods-in-transit. Goods-in-transit and Freeport Property do not include oil, natural gas or petroleum products, and goods-in-transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the goods-in-transit or Freeport Property exemptions for items of personal property

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for

the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See “AD VALOREM PROPERTY TAXATION – District Application of Property Tax Code” for descriptions of any of the District’s tax abatement agreements. See APPENDIX A, Table 1, for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. 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 of up to twenty percent (20%) of the delinquent tax, penalty, and interest collected if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

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 the State and each local taxing unit, including the District, having power to tax the property. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser’s deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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 attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained 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.

INTEREST AND SINKING FUND TAX . . . The District is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the Issuer may hereafter issue, and to pay the expenses of assessing and collecting such taxes.

MAINTENANCE TAX . . . The District currently has no statutory authority to levy and collect an annual ad valorem tax for maintenance of the District’s improvements.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the District’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the District’s tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

ISSUER AND TAXPAYER REMEDIES. . . . Under certain circumstances, the District and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (See “– Public Hearing and Maintenance and Operation Tax Rate Limitations”). 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.

DISTRICT APPLICATION OF TAX CODE. . . . The District grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$5,000.

The Bee County Tax Assessor-Collector collects taxes for the District (the “Tax Assessor/Collector”).

The District has not adopted a tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The Tax Assessor/Collector’s office does permit split payments; discounts are allowed.

INVESTMENTS

The District invests its investable funds in investments authorized by State law in accordance with investment policies approved by the Board of Directors of the District. Both State law and the District’s investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT. . . . Under Texas law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this state that the District selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) Bonds of deposit or share Bonds (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (the “PFIA”) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for District deposits or; (ii) where the funds are invested by the District through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (iii) the broker or the depository institution selected by the District arranges for the deposit of the funds in Bonds of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (iv) the full

amount of the principal and accrued interest of each of the Bonds of deposit is insured by the United States or an instrumentality of the United States; and (v) the District appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the Bonds of deposit issued for the account of the District; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations permitted by the PFIA, and require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that complies with SEC Rule 2a-7; and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the District Council detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest District funds without express written authority from the District Council.

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record in such rule, order, ordinance or resolution any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (4) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, (9) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

CURRENT INVESTMENTS*

TABLE 1

As of September 30, 2020, the Issuer's investable funds in the amount of \$1,097,195.96 were invested in the following categories:

<u>Type of Investment</u>	<u>Amount</u>
BWSD Debt Service Checking Account	\$843,692.49
BWSD Capital Projects Checking Account	250,708.97
BWSD Operating Checking Account	<u>2,794.50</u>
	\$1,097,195.96

As of such date, the market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

**Unaudited.*

TAX MATTERS

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

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Issuer is conditioned on compliance by the District with such requirements, and Bond Counsel to the Issuer has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds,

or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

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

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

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Issuer has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the Issuer has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the Issuer's continuing disclosure obligation, because the Issuer does not currently have outstanding more than \$10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from the Rule 15c2-12) and no person is committed by contract or other arrangement with respect to payment of the Bonds. Pursuant to the exemption, in the Resolution, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement that is customarily prepared by the Issuer and publicly available, which currently consists of an annual audited financial statement. The Issuer will update and provide this information within twelve months after the end of each fiscal year ending in and after 2020. The Issuer will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Any such

financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide financial statements by March 31 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The Issuer will also provide timely notices of certain events to the MSRB. The Issuer will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders 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 Issuer, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the Issuer (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Issuer, any of which reflect financial difficulties. In addition, the Issuer will provide timely notice of any failure by the Issuer to provide annual financial information in accordance with its agreement described above under "Annual Reports".

AVAILABILITY OF INFORMATION FROM MSRB . . . The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The Issuer has agreed to update information and to provide notices of specified events only as described above. The Issuer 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 Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer 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 type of operations of the Issuer, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Resolution that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer amends its agreement, it must include with the next financial information and operating data 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 type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The Issuer complied with its continuing disclosure agreement in FY 2015. Beginning in 2016, the Issuer was no longer obligated to file annual disclosure.

LEGAL MATTERS

LEGAL OPINION . . . Except as hereinafter noted, Bond Counsel has not verified and has not passed upon, and assumes no responsibility for the accuracy, completeness or fairness of the information and statements contained in the Official Statement. In the performance of its duties, Bond Counsel has reviewed the information relating to the Bonds and the Resolution contained under the captions: "THE BONDS" (exclusive of subcaptions "– Book-Entry-Only System" and "– Bondholders' Remedies"), "TAX MATTERS", "LEGAL MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "– Compliance with Prior Undertakings"), "OTHER INFORMATION – Registration and Qualification of Bonds for Sale", "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas," "APPENDIX C – Form of Bond Counsel's Opinion" contained in the Official Statement and Bond Counsel is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal opinion to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion 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.

OTHER INFORMATION

RATINGS . . . S&P Global Ratings ("S&P") has rated the Bonds "AA" by virtue of a municipal bond insurance policy to be issued by AGM. In addition, the underlying, unenhanced rating on the Bonds is "A-" by S&P. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the views of S&P and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of various officials of the District, there is no pending, or to their knowledge, threatened litigation or other proceeding against the District that would have a material adverse financial impact upon the District or its operations.

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

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating at least an "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

NO-LITIGATION CERTIFICATE . . . The District will furnish to the Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Vice President of the Board of Directors, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance,

execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

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

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

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

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the District accepted the bid from SAMCO Capital Markets (the "Purchaser") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of \$7,000,000 (representing the principal amount of the Bonds of **\$7,000,000**, plus a net original issue premium on the Bonds in the amount of **\$92,486.10**, less a Purchaser's discount on the Bonds of **\$73,236.10** and less **\$19,250.00** for the insurance premium.) The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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 expectations, hopes, intentions, or strategies of the District 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 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.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the District's records, audited 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. The Resolution authorizing the issuance of the Bonds 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 Purchaser.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Bonds, the Purchaser will be furnished a certificate, executed by a proper officer acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its

affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements, and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District; and (e) no litigation of any nature has been filed or is pending, as of the date of delivery of the Bonds, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

This Official Statement will be approved by the Board of Directors of the District for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

Mr. William Stockton
President
Board of Directors
Beeville Water Supply District

ATTEST:

Mr. John Galloway
Vice President
Board of Directors
Beeville Water Supply District

APPENDIX A

Financial Information for the Beeville Water Supply District

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2020 Total Market Value	\$684,291,124
Less:	
Disabled Veteran 100%	\$6,400,550
Disabled Veteran	1,259,000
Optional Over-65	4,801,810
Surviving Spouse of a Service Member	78,670
Real Exempt Property	116,977,230
\$500 Inc. Real Personal	9,430
Real/Personal Abatements	801,160
Mineral Abatements	1,382,770
Real Protest Value	52,810,590
Productivity Loss	2,087,440
10% Cap Loss	3,931,080
2020 Net Taxable Assessed Valuation	\$493,751,394

Note: The above figures were taken from the Bee County Appraisal District Office which is compiled during the initial phase of the tax year and are subject to change.

GENERAL OBLIGATION BONDED DEBT

(As of December 15, 2020)

General Obligation Debt Outstanding:

Unlimited Tax Debt:

The Bonds	\$7,000,000
Total Unlimited Tax Debt	\$7,000,000
Total General Obligation Debt	\$7,000,000
Unaudited, General Obligation Interest and Sinking Fund Balance as of September 30, 2020	\$767,657
2020 Net Taxable Assessed Valuation	\$493,751,394
Ratio of Total General Obligation Debt to 2020 Net Taxable Assessed Valuation	1.42%

Area of District:	3,085 Acres
Estimated Population:	12,863 in Year 2020
Per Capita 2020 Net Taxable Assessed Valuation:	\$38,385
Per Capita 2020 General Obligation Debt:	\$544

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

[Includes the Bonds]

Fiscal Year Ending 9/30	Current Total Debt Service	The Bonds			Combined Debt Service
		Principal	Interest	Total	
2021	\$0	\$235,000	\$67,257	\$302,257	\$302,257
2022		245,000	108,800	353,800	353,800
2023		255,000	101,450	356,450	356,450
2024		265,000	93,800	358,800	358,800
2025		275,000	88,500	363,500	363,500
2026		285,000	83,000	368,000	368,000
2027		300,000	77,300	377,300	377,300
2028		310,000	71,300	381,300	381,300
2029		320,000	68,200	388,200	388,200
2030		335,000	65,000	400,000	400,000
2031		350,000	61,650	411,650	411,650
2032		360,000	58,150	418,150	418,150
2033		375,000	54,100	429,100	429,100
2034		390,000	49,413	439,413	439,413
2035		405,000	44,050	449,050	449,050
2036		425,000	37,975	462,975	462,975
2037		440,000	31,600	471,600	471,600
2038		460,000	24,450	484,450	484,450
2039		475,000	16,975	491,975	491,975
2040		495,000	8,663	503,663	503,663
	<u>\$0</u>	<u>\$7,000,000</u>	<u>\$1,211,632</u>	<u>\$8,211,632</u>	<u>\$8,211,632</u>

TAX ADEQUACY

2020 Net Taxable Assessed Valuation		\$493,751,394
Maximum Annual Debt Service Requirements for Fiscal Year Ending:	9/30/2040	\$503,663
Indicated Interest and Sinking Fund Tax Rate		\$0.1063
Indicated Interest and Sinking Fund Tax Levy at the following Collections:	96%	\$504,059

Note: See "Tax Data" herein.

INTEREST AND SINKING FUND MANAGEMENT INDEX

Unaudited, General Obligation Interest and Sinking Fund Balance as of September 30, 2020	\$767,657
2020 Interest and Sinking Fund Tax Levy at 96% Collections Produce	390,388
Total Available for Debt Service	\$1,158,045
Less: General Obligation Debt Service Requirements, Fiscal Year Ending: September 30, 2021	302,257
Balance at Fiscal Year Ended September 30, 2021	<u><u>\$855,787</u></u>

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

[Includes the Bonds]

Fiscal Year Ending 9/30	Currently Outstanding Obligations Principal Repayment Schedule	The Bonds Principal Repayment Schedule	Combined Principal Repayment Schedule	Obligations Remaining Outstanding End of the Year	Percent of Principal Retired
2021	\$0	\$235,000	\$235,000	\$6,765,000	
2022		245,000	245,000	6,520,000	
2023		255,000	255,000	6,265,000	
2024		265,000	265,000	6,000,000	
2025		275,000	275,000	5,725,000	18.21%
2026		285,000	285,000	5,440,000	
2027		300,000	300,000	5,140,000	
2028		310,000	310,000	4,830,000	
2029		320,000	320,000	4,510,000	
2030		335,000	335,000	4,175,000	40.36%
2031		350,000	350,000	3,825,000	
2032		360,000	360,000	3,465,000	
2033		375,000	375,000	3,090,000	
2034		390,000	390,000	2,700,000	
2035		405,000	405,000	2,295,000	67.21%
2036		425,000	425,000	1,870,000	
2037		440,000	440,000	1,430,000	
2038		460,000	460,000	970,000	
2039		475,000	475,000	495,000	
2040		495,000	495,000	0	100.00%
	<u>\$0</u>	<u>\$7,000,000</u>	<u>\$7,000,000</u>		

TAXABLE ASSESSED VALUATION FOR YEARS 2016-2020

TABLE 2

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year	
		Amount (\$)	Percent (%)
2016	\$471,698,550	\$35,869,510	8.23%
2017	472,310,200	\$611,650	0.13%
2018	485,933,220	13,623,020	2.88%
2019	483,348,600	-2,584,620	-0.53%
2020	493,751,394	10,402,794	2.15%

Note: The above figures were taken from the Bee County Appraisal District which is compiled during the initial phase of the tax year and are subject to change..

PRINCIPAL TAXPAYERS

TABLE 3

Name	Type of Property	2020 Net Taxable Assessed Valuation	% of Total 2020 Assessed Valuation
AEP Texas Inc.	Electric Utility	\$10,628,350	2.15%
Halliburton Energy Services	Oil&Gas	8,398,040	1.70%
Wal-Mart Stores Texas LP	Retail Center	7,494,920	1.52%
Beeville Investment Partners	Apartments	6,570,560	1.33%
H.E. Butt Grocery Company	Grocery Store	6,297,410	1.28%
Beeville Oak Hill 148 LLC	Apartments	5,597,810	1.13%
Wal-Mart Stores Texas LP	Retail Center	5,190,740	1.05%
MCN Beeville LLC	Apartments	5,071,620	1.03%
Eagles Landing Equity Fund LLC	Real Estate	4,918,060	1.00%
SCD HBV LLC	Hotel	3,335,380	0.68%
Total (12.86% of 2020 Net Taxable Assessed Valuation)		\$63,502,890	12.86%

Note: The above information was taken from the Bee County Tax Assessor-Collector's Office.

TAX DATA

TABLE 4

Taxes are due October 1 and become delinquent after January 31. No split payments or discounts are allowed. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 15% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax	% Collections	Year
		Rate	Total	Ended
2016	\$471,698,550	\$0.0000	0.00	9/30/2017
2017	472,310,200	0.0000	0.00	9/30/2018
2018	485,933,220	0.0000	0.00	9/30/2019
2019	483,348,600	0.1411	96.05*	9/30/2020
2020	493,751,394	0.0824	(In Process)	9/30/2021

Note: The above figures were taken from the Bee County Appraisal District which is compiled during the initial phase of the tax year and are subject to change, the Issuer's 2019 Annual Financial Report, the Bee County Tax Assessor-Collector's Office and information from the Issuer.

*Unaudited, as of September 30, 2019.

TAX RATE DISTRIBUTION**TABLE 5**

Tax Year	2020	2019	2018	2017	2016
I & S Fund	\$0.0824	\$0.1411	\$0.0000	\$0.0000	\$0.0000

Note: The above information was taken from the Bee County Appraisal District.

GENERAL FUND**TABLE 6**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Fund Balance - Beginning of Year	\$159,718	\$115,828	\$71,179	\$344,348	\$693,061
Revenues	\$2,453	\$1,232	\$619	\$533	\$118
Expenditures	47,432	77,342	73,969	341,703	369,678
Excess (Deficit) of Revenues Over Expenditures	(\$44,980)	(\$76,110)	(\$73,351)	(\$341,169)	(\$369,559)
Other Financing Sources (Uses):					
Operating Transfers In	\$254,613	\$120,000	\$118,000	\$68,000	\$0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses):	\$254,613	\$120,000	\$118,000	\$68,000	\$0
Fund Balance - End of Year	\$369,352	\$159,718	\$115,828	\$71,179	\$323,502

Note: The above information was provided by the Issuer.

DEBT SERVICE FUND**TABLE 7**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Fund Balance - Beginning of Year	\$281,301	\$264,041	\$323,637	\$318,258	\$308,616
Revenues	\$12,369	\$17,396	\$24,633	\$384,880	\$385,316
Expenditures	180,082	136	84,229	379,501	375,674
Excess (Deficit) of Revenues Over (Under) Expenditures	(\$167,713)	\$17,260	(\$59,596)	\$5,379	\$9,642
Other Financing Sources (Uses):					
Capital Leases	\$0	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses):	\$0	\$0	\$0	\$0	\$0
Fund Balance - End of Year*	\$113,588	\$281,301	\$264,041	\$323,637	\$318,258

Note: The above information was taken from the Issuer's Annual Reports dated September 30, 2015 – 2019.

**The District estimates the unaudited Debt Service Fund balance at FYE 9/30/2020 is \$767,657.*

OVERLAPPING DEBT DATA AND INFORMATION

(As of November 30, 2020)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures.

The following statements of direct and estimated overlapping ad valorem bonds were developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete.

Furthermore, certain of the entities below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt	Overlapping	Overlapping
Bee County	\$24,130,000	26.18%	\$6,317,234
Beeville Independent School district	12,306,261	63.83%	7,855,086
Beeville, City of	11,385,000	99.45%	11,322,383
Coastal Bend College	2,454,000	24.89%	610,801
Total Gross Overlapping Debt			\$26,105,503
Beeville Water Supply district	\$7,000,000 *	100.00%	\$7,000,000 *
Total Direct and Overlapping Debt			\$33,105,503 *
Ratio of Direct and Overlapping Debt to the 2020 Net Taxable Assessed Valuation			6.70% *
Per Capita Direct and Overlapping Debt			\$10,731 *

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

*The Bonds.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2020 Assessed Valuation	2020 Tax Rate
Bee County	\$1,809,050,123	0.6954
Beeville Independent School district	834,302,137	1.1917
Beeville, City of	491,122,741	0.6638
Coastal Bend College	1,914,710,463	0.1671

Source: The Bee County Appraisal District.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Purpose	Amount Authorized	Issued To-Date	Unissued
Bee County	None				
Beeville Independent School District	None				
Beeville, City of	None				
Coastal Bend College	None				
Beeville Water Supply District	05/04/19	Water and Wastewater Improvements	\$10,000,000	\$7,000,000 *	\$3,000,000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

*The Bonds.

APPENDIX B

General Information Regarding the Beeville Water Supply District, the City of Beeville and Bee County, Texas

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BEEVILLE WATER SUPPLY DISTRICT

Location:

1. The District is located entirely in Bee County in the City of Beeville, approximately 50 miles northwest of Corpus Christi and approximately 90 miles southeast of San Antonio.

Existing Water Supply Facilities:

1. **Ground Water:** The District does not utilize ground water.
2. **Surface Water:** Pursuant to the Water Supply Agreement between the District and the City of Corpus Christi, dated March 3, 1982, Corpus Christi sells untreated water to the District from Lake Corpus Christi. The District constructed an intake, treatment plant, pump station, and transmission line with proceeds from its first bond issue. The District provides treatment, storage, and pressure facilities necessary to meet the demands within the District. Under the terms of the agreement, Corpus Christi agrees to sell untreated water equal to the amount of water used by the District in the previous 12 month period plus ten percent or the average amount in its highest previous three years plus ten percent, whichever is greater, to the District.

The District sells potable water to the City of Beeville, which owns and operates the water distribution system within the District.

Inventory of Water Supply Facilities:

1. Table of Capacity:

Facility	Existing Capacity	Total Capacity	TCEQ Criteria	District's % Share (ESFC Capacity)
Surface Water	6.0 MGD	6.0 MGD	360 gpd/ESFC	(100%) 16,667
Ground Storage	1,923,000 gal	1,923,000 gal	200 gal/ESFC	(100%) 9,615
Elevated Storage	1,202,000 gal	1,202,000 gal	100 gal/ESFC	(100%) 12,020
Booster Pump	2 x 5,000 gpm	10,000 gpm	2 gpm/ESFC ⁽¹⁾	(100%) 5,500
Water Intake	3 x 2,500 gpm	5,000 gpm	0.6 gpm/ESFC	(100%) 8,333
Note: The District's water supply facilities are able to meet peak daily demand pursuant to 30 TAC 290.45(b)(1)(D)(iii) and has sufficient capacity for the ESFCs being served by the system.				

Existing Wastewater Treatment Facilities:

The City of Beeville ("City") owns and operates a wastewater treatment plant serving all areas within the District. The District entered into a Project and Funding Agreement with the City regarding financing of rehabilitation of the Moore Street Wastewater Treatment Plant which serves the District,

Permits:

The City's plant operates under TPDES permit #WQ0010124002-001 with a permitted capacity of 3.0 MGD. The permit is for discharge to Poesta Creek.

CITY OF BEEVILLE AND BEE COUNTY, TEXAS

Beeville, Texas. The City of Beeville, Texas (the "City") is located approximately 90 miles southeast of San Antonio and 50 miles northwest of Corpus Christi at the intersection of U.S. Highways 59 and 181.

Bee County, Texas. Bee County, Texas (the "County") is a south Texas county named in honor of Colonel Barnard E. Bee who served as secretary of war during the days of the Texas Republic. Two correctional facilities, Chase Field Facility and McConnell Unit, are located in the county and employ over 2000 persons. The Regional Headquarters for the Texas Department of Criminal Justice is also located in Bee County.

County Seat: Beeville

Mineral: Oil and gas. Industry: oil production, hunting leases, government, gas production and agriculture. Agricultural: grain sorghum, cotton, corn and beef cattle.

Oil & Gas 2019: The oil production for this county accounts for 0.02% of the total state production. The county ranks 131 out of all the counties in Texas for oil production. The gas production for this county accounts for 0.15% of the total state production. The county ranks 62 out of all the counties in Texas for gas production.

Oil Production:	<u>Year</u>	<u>Description</u>	<u>Volume</u>	<u>% Change from Previous Year</u>
(Texas Railroad	2018	Oil	216,629 BBL	-3.54
Commission)	2019	Oil	208,804 BBL	-3.61
Casinghead:	<u>Year</u>	<u>Description</u>	<u>Volume</u>	<u>% Change from Previous Year</u>
(Texas Railroad	2018	Casinghead	244,753 MCF	-24.52
Commission)	2019	Casinghead	229,838 MCF	-6.09
Gas Well Production:	<u>Year</u>	<u>Description</u>	<u>Volume</u>	<u>% Change from Previous Year</u>
(Texas Railroad	2018	GW Gas	9,851,441 MCF	-13.55
Commission)	2019	GW Gas	8,135,198 MCF	-17.42
Condensate:	<u>Year</u>	<u>Description</u>	<u>Volume</u>	<u>% Change from Previous Year</u>
(Texas Railroad	2018	Condensate	78,760 BBL	-25.92
Commission)	2019	Condensate	59,203 BBL	-24.83

Retail Sales & Effective Buying Income:	<u>Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Retail Sales		\$157.0M	\$203.4M	\$493.0M
Effective Buying Income (EBI)		\$526.5M	\$518.2M	\$540.9M
County Median Household Income		\$400,876	\$40,041	\$40,870
State Median Household Income		\$61,175	\$57,227	\$55,352
% of Households with EBI below \$25K		27.5%	28.9%	11.4%
% of Households with EBI above \$25K		67.5%	66.7%	66.8%

Employment Data:	<u>2020</u>		<u>2019</u>		<u>2018</u>	
	<u>Employed</u>	<u>Earnings</u>	<u>Employed</u>	<u>Earnings</u>	<u>Employed</u>	<u>Earnings</u>
1st Quarter:	8,986	\$83.9M	8,926	\$80.3M	8,889	\$84.9M
2nd Quarter:	8,373	\$79.8M	8,934	\$83.2M	8,916	\$80.1M
3rd Quarter:	N/A	N/A	8,807	\$82.0M	8,858	\$81.1M
4th Quarter:	N/A	N/A	8,890	\$95.4M	8,955	\$83.4M

Major Colleges and Universities:	Coastal Bend College:	<u>Year</u>	<u>Total</u>	<u>Fall Enrollment</u>
		2018	1	4,580
		2019	1	4,850

Labor Force Statistics	<u>Bee County</u>		<u>Texas</u>		<u>United States</u>	
	<u>Oct. 2019</u>	<u>Oct. 2020</u>	<u>Oct. 2019</u>	<u>Oct. 2020</u>	<u>Oct. 2019</u>	<u>Oct. 2020</u>
Total Civilian Labor Force	9,884	10,011	14,161,315	14,094,292	164,576,000	161,053,000
Total Employment	9,461	9,016	13,686,986	13,144,000	159,067,000	150,433,000
Total Unemployment	423	995	474,329	950,292	5,510,000	10,620,000
Percent Unemployed	4.3	9.9	3.3	6.7	3.3	6.6

Sources: Jones-Heroy & Associates, Inc., Texas Municipal Reports, published by the Municipal Advisory Council of Texas and Demographics USA County Edition and Texas Labor Market Review. Any data on population, value added by manufacturing or production of minerals or agricultural products are from US Census or other official sources.

APPENDIX C

Form of Bond Counsel's Opinion

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February 2, 2021

**BEEVILLE WATER SUPPLY DISTRICT
UNLIMITED TAX BONDS, SERIES 2021
DATED AS OF JANUARY 1, 2021
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$7,000,000**

AS BOND COUNSEL FOR THE BEEVILLE WATER SUPPLY DISTRICT (the "District") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity or prior redemption at the rates and are payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the District, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution authorizing the issuance of the Bonds (the "Resolution"), (ii) one of each of the executed Bonds, and (iii) the District's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding general obligations of the District in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally; that the District has the legal authority to issue the Bonds and to repay the Bonds; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged for such payment, without limit as to rate or amount.

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

600 Congress Ave.
Suite 2150
Austin, Texas 78701
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F 512.472.0871

717 North Harwood
Suite 900
Dallas, Texas 75201
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F 713.980.0510

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San Antonio, Texas 78205
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F 210.225.2984

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EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning 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 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.

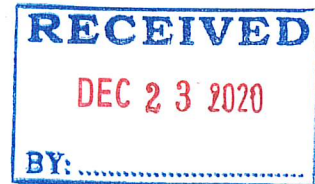
OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds and with respect to the exclusion from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

Respectfully,



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Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 21, 2020

Mr. William Stockton, President
Beeville Water Supply District of Bee County
400 N. Washington Street
Beeville, Texas 78102

Re: Issuance of bonds by Beeville Water Supply District (District) of Bee County in the amount of \$7,000,000 at a maximum net effective interest rate of 4.25%.

Dear Mr. Stockton :

Enclosed are certified copies of an Order of the Texas Commission on Environmental Quality (TCEQ) approving your district's project and the issuance of bonds in the amount of \$7,000,000 at a maximum net effective interest rate of 4.25% to finance the District's project, all being more fully set out in the Order.

Your attention is directed to Texas Water Code Section 54.601, which reads as follows:

At the time bonds payable in whole or in part from taxes are issued, the board shall levy a continuing direct annual ad valorem tax for each year while all or part of the bonds are outstanding on all taxable property within the District in sufficient amount to pay the interest on the bonds as it becomes due and to create a sinking fund for the payment of the principal of the bonds when due or the redemption price at any earlier required redemption date and to pay the expenses of assessing and collecting the taxes.

Based on the estimated taxable assessed valuation discussed in the TCEQ memorandum associated with the District's application, we have concluded that initially a tax rate of at most \$0.11 per \$100 valuation should be levied to pay interest, principal, and the cost of assessing and collecting such taxes. Application of the recommended tax rate should provide sufficient funds to satisfy the average annual debt service requirement of \$515,020.

You should read the enclosed Order carefully. This action is taken under authority delegated by the Executive Director of the TCEQ. Please take particular note of the provision that no substantial alterations in the approved plans and specifications shall be made without prior TCEQ approval. This is a requirement of Texas Water Code Section 49.182.

Mr. William Stockton, President
Page 2

A copy of the TCEQ's Order and this letter are being sent to the Attorney General's Office, Public Finance Division, Austin, Texas. Additional copies are being provided to your attorney, engineer, and fiscal agent of record.

Sincerely,



Cari-Michel La Caille, Deputy Director
Water Supply Division
Texas Commission on Environmental Quality

CML/pl

Enclosures

cc: Mr. Noel Valdez
McCall, Parkhurst & Horton, L.L.P.
700 N. St. Mary's Street
San Antonio, Texas 78205

Mr. Ken Heroy, P.E.
Jones-Heroy & Associates, Inc.
13915 N. Mopac Expy, Suite 408
Austin, Texas 78728

Mr. Victor Quiroga, Jr.
Specialized Public Finance, Inc.
13300 Old Blanco Rd, Suite 310
San Antonio, Texas 78216

Attorney General's Office
Public Finance Division
PO Box 12548
Austin, Texas 78711

DEC 17 2020

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



BY THE COMMISSION, GIVEN UNDER MY HAND AND THE
SEAL OF OFFICE ON
Laurie Bharis
LAURIE BHARIS, SECRET CLERK
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER APPROVING AN ENGINEERING PROJECT AND THE ISSUANCE OF \$7,000,000 IN UNLIMITED TAX BONDS FOR BEEVILLE WATER SUPPLY DISTRICT

An application by Beeville Water Supply District (the "District") of Bee County was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and issuance of \$7,000,000 in bonds to finance: Moore Street Wastewater Treatment Plant Improvements. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on October 27, 2020 for approval of a proposed engineering project and the issuance of \$7,000,000 in bonds.
2. The Executive Director of the TCEQ has investigated the District.
3. The application and accompanying documents have been examined. The project site was inspected by a member of the TCEQ's Districts Section on December 3, 2020. A written memorandum was prepared on the project dated December 7, 2020, a copy of which is attached and made a part hereof.
4. The District's project and the issuance of \$7,000,000 in bonds at a maximum net effective interest rate of 4.25% to finance the project should be approved.
5. The District should be directed not to expend a total of \$6,815,000 (\$6,815,000 construction plus no contingencies) for Moore Street Wastewater Treatment Plant improvements, pending District board receipt of plans and specifications approved by all entities with jurisdiction.
6. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.
7. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

CONCLUSIONS OF LAW

The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE § 49.181.

2. The Executive Director of the TCEQ has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The TCEQ's memorandum dated December 7, 2020, on this engineering project and bond issue should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the memorandum dated December 7, 2020 on this engineering project and bond issue are adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Beeville Water Supply District of Bee County is hereby approved together with the issuance of \$7,000,000 in bonds at a maximum net effective interest rate of 4.25%. The District is directed not to expend a total of \$6,815,000 (\$6,815,000 construction plus no contingencies) for Moore Street Wastewater Treatment Plant improvements, pending District board receipt of plans and specifications approved by all entities with jurisdiction. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

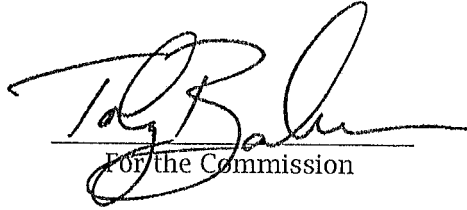
BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the TCEQ copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the TCEQ and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **December 15, 2020**



For the Commission

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Chris S. Ulmann, P.E., Manager
Districts Section

Date: December 7, 2020

CSU 12/11/20

From: Pirainder Lall
Districts Bond Team

Subject: Beeville Water Supply District of Bee County; Application for Approval of \$7,000,000 Unlimited Tax Bonds; Fourth Issue; 4.25% Net Effective Interest Rate; Series 2021; Pursuant to Texas Water Code Section 49.181.
TCEQ Internal Control No. D-10272020-045 (TC)
CN: 600675904 RN: 101237881

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from Beeville Water Supply District (District) of Bee County requesting approval for the issuance of \$7,000,000 in unlimited tax bonds to finance the District's share of the following projects:

1. Moore Street Wastewater Treatment Plant improvements.

The District's previous bond issues funded utilities to serve 5,500 equivalent single-family connections (ESFCs) on 3,085 acres. Specifically, the District's previous bond issues funded water supply and transmission line construction to serve 3,085 acres. The District's boundary is coterminous with the City of Beeville, and currently provides water service to 5,500 ESFCs. At ultimate development, the District serves 5,500 ESFCs on 3,085 developable (3,085 total) acres.

B. ECONOMIC ANALYSIS

Tax Rate Analysis

The economic feasibility of this bond issue is based on no-growth to a certified taxable assessed valuation (AV) of \$493,751,194 as of January 1, 2020. A market study has not been provided and is not required since the feasibility of this bond issue is based on no-growth.

According to a Bee County Appraisal District certificate, the District's January 1, 2020 certified taxable AV is \$493,751,194. The annual debt service requirement for the proposed bond amount of \$7,000,000 averages \$515,020 for the 20-year life of the District's bond debt. The District did not levy a maintenance tax in 2019 and, according to the engineering report, is not projecting to levy a maintenance tax in the future.

The District's financial advisor submitted a cash flow schedule considering the requested \$7,000,000 bond issue, no-growth to a January 1, 2020 certified taxable AV of \$493,751,194, no capitalized interest, a 4.0% bond interest rate, no bond discount rate, a collection rate of 90%, and a projected tax rate of \$0.11 per \$100 AV.

A TCEQ Districts Section financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rate would be sufficient.

District	Projected Tax Rate
Debt Service	\$0.11 ⁽¹⁾⁽²⁾
Maintenance	\$0.00
City of Beeville Attributable to W, WW, & D	<u>\$0.60</u> ⁽³⁾
Total District Taxes	\$0.71 ⁽⁴⁾

- Notes: (1) Based on a bond issue of \$7,000,000, a net effective interest rate of 4.25%, a 90% tax collection rate, no-growth to the January 1, 2020 certified taxable AV of \$493,751,194, and at least a 25% ending debt service fund balance.
- (2) The term "commission-approved tax rate" in 30 Texas Administrative Code (30 TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.11 per \$100 AV.
- (3) Represents the City of Beeville's tax rate; application material did not indicate the portion attributable to water, wastewater, and recreational facilities.
- (4) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f).

Additional Financial Comments

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.71 per \$100 AV not exceeding \$1.00, pursuant to 30 TAC Sections 293.59(l) and 293.59(k)(11)(C).

C. ENGINEERING ANALYSIS

Water Supply

The District's water supply is surface water from Lake Corpus Christi pursuant to the "Water Supply Agreement" (Agreement) between the District and the City of Corpus Christi, dated March 3, 1982. Pursuant to the Agreement, the City of Corpus Christi agrees to sell raw water to the District each year an amount that is equal to the amount used in the previous 12-months period plus 10 percent, or the average amount used in its highest previous three years plus 10 percent, whichever is greater. The term of the Agreement is perpetual, unless terminated by mutual agreement. The District sells potable water to the City of Beeville (City) pursuant to the "Water Supply Contract" dated April 8, 1982. The District agrees to provide potable water sufficient for the reasonable demands of the City of Beeville up to the limit of the amount of water available to the District.

The following table summarizes the existing and proposed water supply facilities that serve the District along with the ESFC capacity of each component based on criteria stated in 30 TAC Section 290.45:

<u>Facility</u>	<u>Minimum Requirements</u>	<u>Total Capacity (ESFCs)</u>
Surface Water	0.6 gpm/ESFC	6.0 MGD (6,944 ESFCs)
Total Storage ⁽¹⁾	200 gal/ESFC	3,125,000 gal ⁽¹⁾ (15,625 ESFCs)
Elevated Storage	100 gal/ESFC	1,202,000 gal (12,020 ESFCs)
Booster Pump ⁽²⁾	2 gpm/ESFC or 1,000 gpm max.	10,000 gpm

Notes:

- (1) Total storage includes 1,923,000 gallons of ground storage, and 1,202,000 gallons of elevated storage.
- (2) The District's water supply facilities are able to meet peak daily demand pursuant to 30 TAC Section 290.45(b)(1)(D)(iii) and has sufficient capacity for the ESFCs being served by the system.
- (3) Total booster pump capacity: 2 - 5,000 gpm.

The District has no emergency interconnects, according to the engineering report.

The District's existing and proposed water supply capacity appears adequate to serve the existing 5,500 ESFCs upon which the feasibility of this bond issue is based.

Wastewater Treatment

Wastewater treatment for the District is provided by the City's 3.0 MGD Moore Street Wastewater Treatment Plant. The plant operates under Texas Pollutant Discharge Elimination System Permit No. WQ0010124002, which authorizes an average discharge of 3.0 MGD. The District has provided a letter from the City dated July 13, 2010, stating the District receives wastewater treatment from the City's Moore Street Wastewater Treatment Plant.

The District entered into a Project and Funding Agreement with the City dated July 9, 2019, regarding financing rehabilitation of the Moore Street Wastewater Treatment Plant which serves the District. The District is requesting funding for the rehabilitation of the Moore Street Wastewater Treatment Plant in the application.

Based on a flow rate of 300 gpd/ESFC, the District's share of capacity is adequate to serve approximately 10,000 ESFCs.

The District's existing wastewater treatment capacity appears adequate to serve the existing 5,500 ESFCs upon which the feasibility of this bond issue is based.

Storm Water Drainage

Storm water drainage for the District is collected by several creeks that run through the District which are tributaries of the Aransas River.

Purchase of Existing Facilities/Assumption of Existing Contracts

None.

Facilities to be Constructed

<u>Project</u>	<u>Status</u>	<u>Estimated Cost</u>	<u>Amt. Subj. to District Contribution</u>
Moore Street Wastewater Treatment Plant Improvements	Preparing Specifications	\$6,815,000	\$6,815,000

Approved plans and specifications and various construction contract documents have not been provided.

Inspection

The District was inspected by the TCEQ's Districts Section staff on December 3, 2020. The District appeared as represented in the engineering report. District name signs were properly posted.

D. SUMMARY OF COSTS

<u>Construction Costs</u>	<u>District's Share⁽¹⁾</u>
A. Developer Contribution Items	
None	\$ <u>0</u>
Total Developer Contribution Items	\$ <u>0</u>
B. District Items	
1. Moore Street Wastewater Treatment Plant Improvements	\$ <u>6,815,000</u>
Total District Contribution Items	\$ <u>6,815,000</u>
TOTAL CONSTRUCTION COSTS (97.4% of Bond Issue Requirement)	\$ <u>6,815,000</u>
<u>Non-Construction Costs</u>	
A. Bond Counsel Fees	\$ 35,000 ⁽²⁾
B. Fiscal Advisor Fees	67,500 ⁽³⁾
C. Interest - none	0
D. Bond Engineering Report	30,000
E. Bond Issuance Expense	28,000
F. Attorney General's Fee (0.10% or \$9,500 max.)	7,000
G. TCEQ Bond Issuance Fee (0.25% of BIR)	<u>17,500</u>
TOTAL NON-CONSTRUCTION COSTS	\$ <u>185,000</u>
 TOTAL BOND ISSUE REQUIREMENT	 \$ <u>7,000,000</u>

- Notes: (1) The projects included for funding in this application are not developer projects.
(2) Pursuant to the contract provided, bond counsel fees are \$35,000, which is a negotiated lump sum rather than a percentage of the sale.
(3) Pursuant to the contract provided, the fiscal advisor fees are \$10,000 for the first \$1,000,000, plus 0.5% of the next \$4,000,000 in bonds issued, plus 0.4% of the next \$5,000,000 in bonds issued, multiplied by 1.25 for application to TCEQ. Additionally, \$15,000 for "ancillary services" as provided in the contract, and \$5,000 official statement printing are included.

E. SPECIAL CONSIDERATIONS

Delayed Funding

The cost summary includes funds for District projects and/or facilities which are incomplete or proposed and for which approved plans and specifications are not available. Therefore, the District should be directed not to expend these funds until the District's board has received plans and specifications approved by all entities with jurisdiction.

F. CONCLUSIONS

1. Based on \$10,000,000 in unlimited tax bonds authorized by voters on May 4, 2019 for water and wastewater facilities, and no bonds previously approved by the TCEQ and issued by the District for

water and wastewater facilities, the District has sufficient voter-authorized bonds (\$10,000,000) for the proposed utility bond issue.

2. Based on the review of the engineering report and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Approve the bond issue in the amount of \$7,000,000, in accordance with the recommended summary of costs, at a maximum net effective interest rate of 4.25%.
2. The District should be directed not to expend a total of \$6,815,000 (\$6,815,000 construction plus no contingencies) for Moore Street Wastewater Treatment Plant improvements, pending District board receipt of plans and specifications approved by all entities with jurisdiction.
3. Standard recommendations regarding consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.