

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
(Ellis County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: SEPTEMBER 24, 2025**

**\$5,000,000
UNLIMITED TAX ROAD BONDS
SERIES 2025**

**BIDS TO BE SUBMITTED: 10:00 A.M., CENTRAL TIME
WEDNESDAY, OCTOBER 22, 2025**

**BIDS TO BE AWARDED: 12:30 P.M., CENTRAL TIME
WEDNESDAY, OCTOBER 22, 2025**



Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2025

This Preliminary Official Statement is subject to completion and amendment as provided in the Official Notice of Sale and is intended for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, ASSUMING CONTINUING COMPLIANCE BY THE DISTRICT (HEREIN DEFINED) AFTER THE DATE OF INITIAL DELIVERY OF THE BONDS DESCRIBED BELOW (THE "BONDS") WITH CERTAIN COVENANTS CONTAINED IN THE BOND ORDER (HEREIN DEFINED) AUTHORIZING THE BONDS AND SUBJECT TO THE MATTERS SET FORTH UNDER "TAX MATTERS" HEREIN, INTEREST ON THE BONDS FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS (1) WILL BE EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS THEREOF PURSUANT TO SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED TO THE DATE OF INITIAL DELIVERY OF THE BONDS (THE "CODE"), AND (2) WILL NOT BE AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX; HOWEVER, SUCH INTEREST MAY BE TAKEN INTO ACCOUNT IN DETERMINING THE "ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME" (AS DEFINED IN SECTION 56A OF THE CODE) OF "APPLICABLE CORPORATIONS" (AS DEFINED IN SECTION 59(K) OF THE CODE) FOR THE PURPOSE OF COMPUTING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. See "TAX MATTERS" herein.

The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.

NEW ISSUE – Book Entry Only

NOT RATED

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

(A Political Subdivision of the State of Texas located within Ellis County)

\$5,000,000

UNLIMITED TAX ROAD BONDS

SERIES 2025

Dated: November 1, 2025

Interest Accrues From: Date of Delivery

Due: September 1, as shown on inside cover

The \$5,000,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds") are obligations of Ellis County Fresh Water Supply District No. 1 (the "District") and are not obligations of the State of Texas; Ellis County, Texas; the City of Grand Prairie, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Ellis County, Texas; the City of Grand Prairie, Texas; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

Interest on the Bonds accrues from the initial date of delivery (expected on or about November 20, 2025) (the "Date of Delivery"), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year composed of twelve thirty-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds.

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on inside cover.

The Bonds constitute the fourth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"). Voters of the District authorized the issuance of the following: \$119,345,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$191,030,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; \$21,130,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and \$39,350,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. Following the issuance of the Bonds, \$107,235,000 principal amount of unlimited tax bonds for Utility System purposes, \$164,010,000 principal amount of unlimited tax bonds for Road System purposes, \$21,130,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System and \$39,350,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System will remain authorized but unissued. See "THE BONDS—Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the initial Bond by the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Dallas, Texas, Bond Counsel. The Bonds in book-entry form are expected to be available for delivery through the facilities of DTC, on or about November 20, 2025. See "LEGAL MATTERS."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS

\$5,000,000 Unlimited Tax Road Bonds, Series 2025

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 288718 (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 288718 (b)
2027	\$ 55,000	___%	___%	—	2039 (c)	\$ 210,000	___%	___%	—
2028	65,000	___%	___%	—	2040 (c)	225,000	___%	___%	—
2029	85,000	___%	___%	—	2041 (c)	235,000	___%	___%	—
2030	100,000	___%	___%	—	2042 (c)	245,000	___%	___%	—
2031	115,000	___%	___%	—	2043 (c)	265,000	___%	___%	—
2032 (c)	140,000	___%	___%	—	2044 (c)	275,000	___%	___%	—
2033 (c)	150,000	___%	___%	—	2045 (c)	290,000	___%	___%	—
2034 (c)	160,000	___%	___%	—	2046 (c)	310,000	___%	___%	—
2035 (c)	175,000	___%	___%	—	2047 (c)	330,000	___%	___%	—
2036 (c)	180,000	___%	___%	—	2048 (c)	345,000	___%	___%	—
2037 (c)	190,000	___%	___%	—	2049 (c)	320,000	___%	___%	—
2038 (c)	200,000	___%	___%	—	2050 (c)	335,000	___%	___%	—

- (a) The initial reoffering yield has been provided by the Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may subsequently be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be assigned to this issue by the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. None of the District, the Financial Advisor or the Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.
- (c) The Bonds maturing on September 1, 2032, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on November 1, 2031, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in SEC Rule 15c2-12.

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

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201, upon payment of the costs for duplication thereof.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this "Official Statement" current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the "Official Statement" until delivery of the Bonds to the Initial Purchaser, and thereafter only as specified in "OFFICIAL STATEMENT – Updating the Official Statement."

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.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of _____% of par, resulting in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser. The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

The District has made an application to Build America Mutual Assurance Company and Assured Guaranty, Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The payment of all costs associated with the insurance, including the premium charged by the insurance company will be at the expense of the Initial Purchaser.

Separate rating(s), at the election of the Initial Purchaser, may be assigned to the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer.

RATING

The District has not made an application for a rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The District.....	Ellis County Fresh Water Supply District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Ellis County, Texas (the "County"). See "THE DISTRICT."
The Bonds.....	The District's \$5,000,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds"), are dated November 1, 2025 and mature on September 1 in the years and in the principal amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (expected on or about November 20, 2025) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable March 1, 2026, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on and after September 1, 2032 are subject to redemption, in whole or from time to time in part, at the option of the District, on November 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption of the Bonds."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; or the City of Grand Prairie, Texas (the "City"). See "THE BONDS – Source of Payment."
Authority for Issuance.....	The Bonds are issued pursuant to (i) an order adopted by the Board of Supervisors of the District (the "Board") on the date of sale of the Bonds (the "Bond Order"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and (iii) a bond election held by the District on May 10, 2008 (the "Bond Election"). See "THE BONDS – Authority for Issuance."
Voted Authorization.....	At the Bond Elections, voters of the District authorized the District's issuance of a total of \$191,030,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"), \$39,350,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System, \$119,345,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water and sanitary sewer facilities to serve the District (the "Utility System"), and \$21,130,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System. The Bonds constitute the District's fourth issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System.

After the issuance of the Bonds, the following voted authorization will remain authorized but unissued: \$164,010,000 principal amount of unlimited tax bonds for the Road System; \$39,350,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Road System; \$107,235,000 principal amount of unlimited tax bonds for the purpose of refunding bonds

issued for the Utility System; and \$21,130,000 principal amount of unlimited tax bonds for the Utility System. See “THE BONDS – Authority for Issuance.”

Outstanding Bonds	The District has previously issued the following series of unlimited tax bonds: \$5,750,000 Unlimited Tax Road Bonds, Series 2021; \$7,350,000 Unlimited Tax Utility Bonds, Series 2023; \$5,525,000 Unlimited Tax Road Bonds, Series 2023; \$10,745,000 Unlimited Tax Road Bonds, Series 2023A; and \$4,760,000 Unlimited Tax Utility Bonds, Series 2024. As of the Date of Delivery, \$32,955,000 principal amount of such bonds will remain outstanding (the “Outstanding Bonds”). See “THE BONDS – Outstanding Bonds.”
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used to reimburse certain Developers (herein defined) for the road improvements and related engineering costs as shown herein under “THE BONDS – Estimated Use and Distribution of Bond Proceeds.” Additionally, a portion of the proceeds of the Bonds will be used to pay developer interest, twelve (12) months of capitalized interest and certain costs associated with the issuance of the Bonds. See “THE BONDS – Estimated Use and Distribution of Bond Proceeds.”
Qualified Tax-Exempt Obligations	The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Payment Record.....	The District has never defaulted on the timely payment of debt service due on its prior bonded indebtedness.
Municipal Bond Insurance	The District has made applications for a commitment to provide municipal bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer, will be at the expense of the Initial Purchaser. See “MUNICIPAL BOND INSURANCE” above.
Rating.....	The District has not made an application for a rating on the Bonds. See “RATING” above.
Bond Counsel	Winstead PC, Dallas, Texas. See “LEGAL MATTERS – Legal Opinions,” and “TAX MATTERS.”
General Counsel	Allen Boone Humphries Robinson LLP, Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Irving, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description.....	The District was created in 2004 by an order of the Ellis County Commissioners Court and is a political subdivision of Texas, located in Ellis County, approximately 4 miles northwest of the City of Midlothian, approximately 22 miles south of the City of Grand Prairie, Texas, and approximately 28 miles southwest of the central downtown business district of the City of Dallas and lies wholly within the extraterritorial jurisdiction of the City of Grand Prairie, Texas. The District contains approximately 972.54 acres of land. See “THE DISTRICT” and “LOCATION MAP.”
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On April 28, 2025, the District was converted from a fresh water supply district to a municipal utility district operating under Chapter 54, Texas Water Code pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”) granting application for conversion of Ellis County Fresh Water Supply District No. 1 to a

municipal utility district and acquisition of road powers (the “TCEQ Conversion Order”). The District has begun exercising the powers of a municipal utility district pursuant to the TCEQ Conversion Order. Such conversion does not affect the taxing power of the District or the security for or payment of debt service on the Bonds.

Status of Development..... To date, approximately 209.30 acres within the District have been developed as 1,203 total single-family lots in the following residential subdivisions: Prairie Ridge, Phase 1, Phase 2, Phase 3, Phase 4, Phase 5, Phase 6, Phase 7, Phase 8 and Phase 9. As of September 1, 2025, the District included approximately 728 completed homes (approximately 600 occupied, 122 unoccupied, and 6 model homes); approximately 9 homes under construction; and approximately 466 vacant developed lots. The remaining land within the District is comprised of approximately 611.89 acres of undeveloped but developable land, approximately 95.50 acres of undeveloped land, approximately 44.51 acres for recreational amenities for residents within the District, and approximately 11.34 acres for an amenity center. See “DEVELOPMENT OF THE DISTRICT.”

The Developers Approximately 93 acres (291 total lots) within the District have been developed by Prairie Ridge Partners LP, a Texas limited partnership (“Partners”) as Prairie Ridge Phases 1 and 2. Approximately 31 acres (99 total lots) within the District have been developed by Prairie Ridge Phase 3 LP, a Texas limited partnership (“PR Phase 3”) as Prairie Ridge Phase 3. Approximately 28 acres (106 total lots) within the District have been developed by Prairie Ridge Phase 4 LP, a Texas limited partnership (“PR Phase 4”) as Prairie Ridge Phase 4. Approximately 81 acres (289 total lots) within the District have been developed by Beazer Homes Texas L.P., a Delaware limited partnership (“Beazer”) as Prairie Ridge Phase 5 and Prairie Ridge Phase 6. Beazer does not own any additional land within the District. Approximately 40 acres (150 total lots) within the District have been developed by M/I Homes of DFW LLC, a Delaware limited liability company (“M/I”) as Prairie Ridge Phase 7. M/I does not own any additional land within the District. Approximately 62 acres (268 total lots) within the District were sold by Prairie Ridge Capital Corp (“PRCC”) to DFC Goodland LLC, a Florida limited liability company (“DFC”) as Prairie Ridge Phases 8 and 9. DFC does not own any additional land within the District.

PRA Prairie Ridge LP, a Texas limited partnership (“PRA PR”) owns approximately 66 acres of undeveloped land in the District. Prairie Ridge Capital Corp. (“Capital Corp”) owns approximately 101 acres of undeveloped land in the District. Soap Box Partners LP (“Soap Box”) owns approximately 446 acres of undeveloped land in the District, Prairie Ridge North LP (“PR North”) owns approximately 52 acres of undeveloped land in the District, and Prairie Ridge Mountain Creek LP (“PR Mountain Creek”) owns approximately 98 acres of undeveloped land in the District.

PRA PR, Capital Corp, Partners, PR Phase 3, PR Phase 4, Beazer, M/I, DFC, Soap Box, PR North, and PR Mountain Creek are referred to herein collectively as the “Developers.” Each of PRA PR, Capital Corp, Partners, PR Phase 3, PR Phase 4, Soap Box, PR North, and PR Mountain Creek is an affiliate of Provident Realty Advisors, Inc., a Texas corporation (“PRA”), and each has indicated that the undeveloped land it owns within the District, if any, is intended to be developed for single-family residential purposes, although the District can make no assurances as to the ultimate disposition of

such land. No representations or assurances can be made regarding the plans of any Developers for (i) future development, if any, of the remaining phases of developable land within the District, or (ii) the sale of any Developer's land within the District. See "THE DEVELOPERS."

Homebuilders Builders currently building homes within the District include Beazer Homes, M/I Homes, Grand Homes, History Maker Homes, David Weekley Homes, Highland Homes and Trophy Signature Homes. The homes being marketed in the District range in size from approximately 1,517 square feet to 4,255 square feet and range in price from approximately \$351,284 to \$1,075,023.

RISK FACTORS

INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "RISK FACTORS," BEFORE MAKING AN INVESTMENT DECISION.

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**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Taxable Assessed Valuation	\$ 284,442,813 (a)
Estimate of Value as of July 1, 2025	\$ 347,381,216 (b)
Direct Debt:	
The Outstanding Bonds	\$ 32,955,000
The Bonds	\$ 5,000,000
Total	\$ 37,955,000
Estimated Overlapping Debt	\$ 8,902,598 (c)
Total Direct and Estimated Overlapping Debt	\$ 46,857,598
Direct Debt Ratios:	
As a percentage of 2025 Taxable Assessed Valuation	13.34 %
As a percentage of the Estimate of Value as of July 1, 2025	10.93 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2025 Taxable Assessed Valuation	16.47 %
As a percentage of the Estimate of Value as of July 1, 2025	13.49 %
Road System Debt Service Fund Balance (as of September 24, 2025)	\$ 858,749 (d)
Utility System Debt Service Fund Balance (as of September 24, 2025)	\$ 121,227 (e)
General Operating Fund Balance (as of September 24, 2025)	\$ 427,811 (f)
2025 Tax Rate	
Utility System Debt Service	\$ 0.330
Road System Debt Service	\$ 0.420
Maintenance & Operations	\$ 0.250
Total	\$ 1.000 (g)
Estimated Average Annual Debt Service Requirement (2026-2050)	\$ 2,468,625 (h)
Estimated Maximum Annual Debt Service Requirement (2044)	\$ 2,615,638 (h)
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2050):	
Based Upon 2025 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.92
Based Upon the Estimate of Value as of July 1, 2025 at 95% Tax Collections	\$ 0.75
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2044):	
Based Upon 2025 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.97
Based Upon the Estimate of Value as of July 1, 2025 at 95% Tax Collections	\$ 0.80

- (a) As certified by the Ellis Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) An Estimate of Market Value of \$368,292,632 as of July 1, 2025 has been provided by the Appraisal District for informational purposes only. The Estimated Taxable Value of \$347,381,216 includes \$20,911,416 in estimated exemptions based on the January 1, 2025 certified roll. This amount is an estimate of the value of all taxable property located within the District as of July 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, to July 1, 2025. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."
- (d) Twelve (12) months of capitalized interest on the Bonds will be deposited in the Road System Debt Service Fund (hereinafter defined) upon delivery of the Bonds. Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Bonds, bonds previously issued for the Road System and any other bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined). Funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined).
- (e) Texas law does not require that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Road System, including the Bonds.
- (f) See "RISK FACTORS – Operating Funds," "THE DISTRICT – Historical Operations of the District," and "THE SYSTEM – Wastewater Treatment Capacity."
- (g) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Road System and for payment of debt service on bonds issued for the Utility System; both such taxes are unlimited as to rate or amount. See "TAX DATA – Tax Rate Calculations."
- (h) Debt Service on the Bonds is estimated at an average interest rate of 4.75%. See "DISTRICT DEBT – Debt Service Requirement Schedule."

OFFICIAL STATEMENT
relating to
ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
(A Political Subdivision of the State of Texas Located in Ellis County, Texas)
\$5,000,000
UNLIMITED TAX ROAD BONDS
SERIES 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Ellis County Fresh Water Supply District No. 1 (the "District") of its \$5,000,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to (i) an order to be adopted by the Board of Supervisors of the District (the "Board") on the date of sale of the Bonds (the "Bond Order"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; and (iii) a bond election held by the District on May 10, 2008 (the "Bond Election").

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Ellis County, Texas (the "County"); the City of Grand Prairie, Texas (the "City"); or any political subdivision other than the District. The Bonds are secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See "THE BONDS – Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential, commercial, retail and multi-family housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT OF THE DISTRICT" herein.

Developers: There is no commitment by, or legal requirement of, the Developers (herein defined) or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPERS" and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2025 tax year, the District's principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 12.20% of the District's total taxable assessed valuation as of original certification of the 2025 appraisal rolls. In the event that the Developers, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds and the Outstanding Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2025 Taxable Assessed Valuation of all taxable property located within the District is \$284,442,813 and the Estimate of Value as of July 1, 2025, is \$347,381,216. See "TAX DATA." After issuance of the Bonds, the estimated maximum annual debt service requirement on the Bonds and the Outstanding Bonds (2044) is \$2,615,638, and the estimated average annual debt service requirement on the Bonds and the Outstanding Bonds (2026-2050) is \$2,468,625. Assuming no decrease to the District's 2025 Taxable Assessed Valuation, combined debt service tax rates of \$0.97 and \$0.92 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of July 1, 2025, combined debt service tax rates of \$0.80 and \$0.75 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2025 tax year, the District levied a total tax of \$1.00 per \$100 of assessed valuation composed of a maintenance and operations tax rate of \$0.25, a Utility System (herein defined) debt service tax rate of \$0.33, and a Road System (herein defined) debt service tax rate of \$0.42.

Competitive Nature of Residential Housing Market: The residential housing industry in the Dallas-Fort Worth, Texas area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Vacant Developed Lots: As of September 1, 2025, approximately 466 developed lots within the District remained available for construction. Failure of the Developers and/or homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by homebuilders. The District makes no representation that the lot sales and building program will be successful.

Increase in Costs of Building Materials

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

homebuilders.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two (2) years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayer's right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the United States Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners of the Bonds (the "Registered Owner(s)") have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were 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. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (i) is authorized to file for federal bankruptcy protection by Texas law; (ii) is insolvent or unable to meet its debts as they mature; (iii) desired to effect a plan to adjust such debts; and (iv) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and

federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If the District decides in the future to proceed voluntarily under the United States Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Following the issuance of the Bonds, \$107,235,000 unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") and \$21,130,000 for the purpose of refunding such bonds; \$164,010,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") and \$39,350,000 for the purpose of refunding such bonds will remain authorized but unissued.

Following reimbursement to certain Developers with proceeds of the Bonds, the District will owe the Developers approximately \$17,289,624 for construction of Utility System facilities on behalf of the District and \$11,659,502 for construction of Road System facilities on behalf of the District based on the most recent information and estimates available.

Based on present engineering costs estimates and on development plans supplied by the Developers, in the opinion of the Engineer (hereinafter defined), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds may not be sufficient to fully reimburse the Developers for the existing facilities and to finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District. If the amount of remaining voted authorization is insufficient, the District would need to hold an election to request additional voted bonds.

Additional bonds may hereafter be approved by the voters of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District currently plans to issue additional road bonds in the next 6-12 months.

Operating Funds

The District levied a 2025 maintenance tax of \$0.25 per \$100 of assessed valuation. The District's general fund cash balance as of September 24, 2025, was \$427,811. The revenue produced from a \$0.25 maintenance tax in 2025 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) possible cash subsidies from the Provident Realty Advisors, Inc. ("PRA"), and/or (2) continued development and increased amounts of water and sewer revenues and maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate, its water and sewer rates or both.

The District had previously been charging residents of the District a flat bill for sewer expenses, which differed from the volumetric rates the District was being charged by the City, which resulted in greater than anticipated deficits relative to the sewer operations. The District revised its sewer rates in 2024 to align the rates it charges to customers with those being charged to the District by the City.

Additionally, as discussed under the "THE SYSTEM – Wastewater Treatment Capacity," Prairie Ridge, phases 5, 6, 7, 8, and 9 (approximately 698 lots) are awaiting the connection of a permanent wastewater transmission

line by the Trinity River Authority to serve those homes with wastewater treatment. The District is currently using pumping and hauling to transmit wastewater to treatment facilities and is anticipated to do so until the TRA wastewater transmission line is connected to the Utility System. The TRA wastewater transmission line is complete but has not been connected. The District is reliant on PRA for the payment of the pump and haul system. The District's Engineer anticipates the pump and haul system will no longer need to be utilized once the TRA wastewater transmission line is connected to the Utility System. The costs of pumping and hauling of the wastewater from the affected sections of the District are being paid for by PRA. The District is expected to reimburse PRA for such payments from future bond proceeds or other lawfully available funds.

The District's Engineer anticipates the pump and haul system, and subsequent Developer advances, will no longer need to be utilized once construction of the TRA wastewater transmission line is completed and connected to the Utility System.

The District anticipates that it will not be reliant on developer advances following completion of the TRA wastewater transmission line, but can make no representations as to the need for future advances.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Dallas-Fort Worth area. Under the Clean Air Act ("CAA") Amendments of 1990, a ten-county Dallas-Fort Worth area ("2008 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a "severe" nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area ("2015 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson,

Kaufman, Parker, Tarrant, and Wise Counties was designated a “moderate” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of August 3, 2024. On June 20, 2024, the EPA reclassified the 2015 DFW Area to serious nonattainment, with an attainment deadline of August 3, 2027.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the area’s economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (i) groundwater well permitting and surface water appropriation; (ii) public water supply systems; (iii) wastewater discharges from treatment facilities; (iv) storm water discharges; and (v) wetlands dredge and fill activities. Each of these is addressed below:

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the

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

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

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

Potential Impact of Natural Disaster

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

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

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest for the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds, which would be at the discretion and expense of the Initial Purchaser. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the provider of the Policy (the “Bond Insurer”) at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no

assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATING."

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon request to Bond Counsel. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated November 1, 2025, and will mature on September 1 of the years and in the principal amounts indicated on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (expected on or about November 20, 2025) (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be payable on March 1, 2026, and semiannually thereafter on each September 1 and March 1 until maturity or redemption. Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year.

The Bonds will be issued only in fully registered form in any integral multiples of \$5,000 for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent," "Paying Agent/Registrar," or the "Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC 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."

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by 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 (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In

the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue 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).

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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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, security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

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 form, 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 system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Registration, Transfer, and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. A Bond 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. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same series and maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a record date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within forty-five (45) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

Redemption of the Bonds

The Bonds that mature on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on November 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Outstanding Bonds

The District has previously issued the following series of unlimited tax bonds: \$5,750,000 Unlimited Tax Road Bonds, Series 2021; \$7,350,000 Unlimited Tax Utility Bonds, Series 2023; \$5,525,000 Unlimited Tax Road

Bonds, Series 2023; \$10,745,000 Unlimited Tax Road Bonds, Series 2023A; and \$4,760,000 Unlimited Tax Utility Bonds, Series 2024. As of the Date of Delivery, \$32,955,000 principal amount of such bonds will remain outstanding (the “Outstanding Bonds”).

Authority for Issuance

The Bonds are issued pursuant to (i) the Bond Order; (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and (iii) the Bond Election.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal District. Tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund (defined below) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Road System, and additional bonds payable from taxes which may be issued for the Road System.

Bonds issued for the Road System and for the Utility System are each supported by the proceeds of a separate unlimited tax levied annually by the District. Amounts on deposit in the Utility System Debt Service Fund (defined below) may not be used to pay debt service on the bonds issued by the District for the Road System. Amounts on deposit in the Road System Debt Service Fund (defined below) may not be used to pay debt service on the Utility Bonds or any other bonds issued by the District for the Utility System. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Ellis County, Texas; the City; or any entity other than the District.

Issuance of Additional Debt

Any bonds issued by the District must be approved by the Attorney General of Texas, and bonds issued to finance the acquisition or construction of the Utility System must be approved by the TCEQ. The District’s voters have authorized the issuance of \$191,030,000 total principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; \$39,350,000 total principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System; \$119,345,000 total principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; and \$21,130,000 total principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System.

Following the issuance of the Bonds, \$107,235,000 unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System and \$21,130,000 principal amount for the purpose of refunding such bonds; \$164,010,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and \$39,350,000 principal amount for the purpose of refunding such bonds will remain authorized but unissued.

Following reimbursement to certain Developers with proceeds of the Bonds, the District will owe the Developers approximately \$17,289,624 for construction of Utility System facilities on behalf of the District and \$11,659,502 for construction of Road System facilities on behalf of the District based on the most recent information and estimates available.

Based on present engineering costs estimates and on development plans supplied by the Developers, in the opinion of the Engineer (hereinafter defined), following reimbursement with the proceeds of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developers for the existing facilities and to finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District. If the amount of remaining voted authorization is insufficient, the District would need to hold an election to request additional voted bonds.

Additional bonds may hereafter be approved by the voters of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District’s voters or the amount ultimately issued by the District. Bonds issued for water, sewer, and drainage purposes are required to be approved by the TCEQ.

The amount of bonds issued and the remaining authorized but unissued bonds following the issuance of the Bonds are summarized below:

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
5/10/2008	Utility System	\$ 21,130,000	\$12,110,000	\$ 9,020,000
5/10/2008	Road System	39,350,000	27,020,000 (a)	12,330,000
5/10/2008	Utility System Refunding	21,130,000	–	21,130,000
5/10/2008	Road System Refunding	39,350,000	–	39,350,000
11/3/2020	Utility System	13,670,000	–	13,670,000
11/3/2020	Road System	45,250,000	–	45,250,000
11/8/2022	Utility System	84,545,000	–	84,545,000
11/8/2022	Road System	106,430,000	–	106,430,000

(a) Includes the Bonds.

Annexation

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed for full purposes by the City without the District's consent but with the consent of a majority of voters within the District, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. The District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, subject to the requirements of Chapter 43 of the Texas Local Government Code, as amended, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should the annexation occur.

In 2005, the District entered into a Development Agreement (the "DA") with the City, Johnson County Fresh Water Supply District No. 2 and PRA Prairie Ridge, L.P. (for purposes of this paragraph, the "DA Owner"). The DA provided for an initial ten-year moratorium on annexation of land in the District by the City, and the DA Owner was granted the right to extend such moratorium for a second ten-year period in the event certain infrastructure improvements serving the District had not yet been completed. The DA Owner has submitted to the City notice to the City of its exercise of such right, effecting an extension of the annexation moratorium until November 14, 2025.

An amendment to the DA, effective December 13, 2022 (the "DA Amendment"), states that except as provided in the strategic partnership agreement (the "SPA") between the City and the District, certain lands annexed to the District on January 25, 2023, totaling approximately 420.12 acres, shall be immune from full-purpose annexation by the City until such time that certain of the PRA-affiliated Developers have received 100% of the reimbursables due them from the District.

Under the SPA, effective August 5, 2025 (1) the District has consented to the full-purpose annexation of the District by the City at any time on or after at least 90 percent of the land in the District has been developed with water, sanitary sewer and drainage facilities and roads and the District has issued bonds to reimburse fully the developer of any such facilities and roads to the fullest extent allowed under the then-current rules of the TCEQ, and (2) the City has agreed not to annex the District for full municipal purposes prior to such time. Annexation under the SPA is at the option of the City.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

Funds

The Bond Order confirms the District's fund for debt service on the Bonds, any previously issued unlimited tax bonds issued by the District for the Road System (the "Outstanding Road Bonds"), and any additional unlimited

tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). Twelve (12) months of capitalized interest on the Bonds will be deposited in the Road System Debt Service Fund upon delivery of the Bonds. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Road Bonds, and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Outstanding Road Bonds, and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Road Bonds, and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

In connection with the Outstanding Bonds issued for the Utility System, the District has previously created its Utility System Debt Service Fund (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the registered owners of the Outstanding Bonds issued for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Utility System. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System, including the Bonds.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, or (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, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished 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 the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code and is applicable to the District:

- (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized

investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were 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 tax liens on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights and creditors of political subdivisions, such as the District.

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Estimated Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse certain Developers for the improvements and related engineering and land costs shown below. Additionally, a portion of the proceeds of the Bonds will be used to pay developer interest, twelve (12) months of capitalized interest and certain costs associated with the issuance of the Bonds. Totals may not sum due to rounding.

	Amount
<u>CONSTRUCTION COSTS</u>	
A. Phase 5 Grading	\$ 40,319
B. Phase 6 W, SS, SD	41,772
C. Phase 6 Paving	1,147,614
D. Major Infrastructure - Grading	33,383
E. Major Infrastructure - W, SS, SD	793,144
F. Major Infrastructure - Paving	1,203,341
G. Surveying	86,989
H. Materials Testing	415,821
I. ROW Infrastructure Repair	250,000
TOTAL CONSTRUCTION COSTS	\$ 4,012,382
<u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 140,000
B. Fiscal Agent Fees	100,000
C. Interest Costs	
1. Developer Interest	291,650
2. Capitalized Interest (12 Months)	237,500
D. Bond Discount (3.00%)	150,000
E. Bond Issuance Expenses	50,968
F. Bond Engineering Report Costs	12,500
G. Attorney General's Fee (0.10% or \$9,500 max.)	5,000
TOTAL NON-CONSTRUCTION COSTS	\$ 987,618
TOTAL BOND ISSUE REQUIREMENT	\$ 5,000,000

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. In the instance that actual costs exceed previously approved estimated amounts and contingencies, the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Property Tax Code (the "Property Tax Code") relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. Reference is made to the Property Tax Code for more complete information, including the identification of property subject to taxation; property exempt, or which may be exempted from 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.

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System, the Road System, and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations.

Property Tax Code and County-Wide Appraisal District

The Property Tax Code establishes for each county in Texas a single appraisal district with responsibility for recording and appraising property for all taxing units within the county and a single appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The appraisal of property within the District is the responsibility of the Ellis Appraisal District (the "Appraisal District"). The Property Tax Code requires the Appraisal District, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The Appraisal District is governed by a board of directors elected by the governing bodies of the County and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the Appraisal District. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the Appraisal District at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Supervisors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to

disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled or over 65 exemptions.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Freeport Goods and Goods-in-Transit Exemption: A "Goods-in-Transit Exemption" is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken no official action to allow taxation of such goods-in-transit personal property.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be

based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

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

Tax Abatement

Ellis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Ellis County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Ellis County has not designated any of the area within the District as a reinvestment zone.

Reappraisal of Property after Disaster

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

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area, and whose property has been damaged as a direct result of the disaster or emergency,

are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

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

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. See "TAX DATA – Analysis of Tax Base."

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. See "Rollback of Operation and Maintenance Tax Rate" below.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code 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. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Supervisors, after the legally required notice has been given to owners of property within the District, based upon: (i) the valuation of property within the District as of the preceding January 1, and (ii) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty in an amount established by the District and a delinquent tax attorney 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected by taxing units. The District's tax collector is

required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral. In addition, if the District engages an attorney for the collection of delinquent taxes, the Board may impose a further penalty not to exceed twenty percent (20%) on all taxes, penalty, and interest unpaid on July 1.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2025 tax year, the District was designated as a Developing District. For future years, a determination as

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

Collection of Delinquent Taxes

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has 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. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to certain restrictions. 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. In the absence of such federal law, the District's tax lien takes priority over a tax lien of the United States. The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, the foreclosure sale price attributable to market conditions, the taxpayer's right to redeem the property within six (6) months of foreclosure (2 years in the case of residential or agricultural property), or by bankruptcy proceedings which restrain the collection of a taxpayer's debts or modify such debts. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. For the 2025 tax year, the District levied a total tax rate of \$1.00 per \$100 of assessed valuation composed of the following: a Utility System debt service tax rate of \$0.33 per \$100 of assessed valuation; a Road System debt service tax rate of \$0.42 per \$100 of assessed valuation; and a maintenance and operations tax rate of \$0.25 per \$100 of assessed valuation.

Tax Rate Limitation

Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	Unlimited (no legal limit as to rate or amount).

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Historical Tax Collections

The following table illustrates the collection history of the District for the 2020-2025 tax years:

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 08/31/2025
2020	\$785,505	\$1.0000	\$7,853	100.00%	2021	100.00%
2021	23,801,199	1.0000	238,012	99.95%	2022	100.00%
2022	103,167,157	1.0000	1,031,672	99.57%	2023	100.00%
2023	184,327,626	1.0000	1,843,276	99.74%	2024	100.00%
2024	211,716,261	1.0000	2,117,163	99.61%	2025	99.61%
2025	284,442,813	1.0000	2,844,428	(a)	2026	(a)

(a) In process of collections.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Utility System Debt Service	\$0.3300	\$0.1500	\$0.2800	\$0.2750	\$0.0000
Road System Debt Service	\$0.4200	\$0.6400	\$0.3800	\$0.2550	\$0.0000
Maintenance and Operations	\$0.2500	\$0.2100	\$0.3400	\$0.4700	\$1.0000
Total	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value for the 2020 – 2025 tax years by type of property.

Type of Property	2025 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation
Land	\$99,063,210	\$77,090,177	\$48,212,474	\$28,222,832	\$14,186,868
Improvements	211,251,956	154,585,381	137,950,594	81,575,080	12,471,360
Personal Property	199,064	215,606	169,191	30,898	-
Exemptions	(26,071,417)	(20,174,903)	(2,004,633)	(6,661,653)	(2,857,029)
Total	\$284,442,813	\$211,716,261	\$184,327,626	\$103,167,157	\$23,801,199

Exemptions and Special Valuations

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. According to the Appraisal District, as of January 1, 2025, land totaling \$5,245,457 in market value was designated for agricultural use or qualified open space, no land was designated for timber use, and 134 parcels totaling \$7,596,000 in market value were designated as residential inventory.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2025:

Taxpayer	Types of Property	Taxable Value 2025 Tax Roll	Percent of District Value
Beazer Homes Texas LP (a)	Land & Improvements	\$ 12,882,800	4.53%
Grand Homes 2014 LP (a)	Land & Improvements	9,424,391	3.31%
M/I Homes of DFW LLC (a)	Land & Improvements	2,746,818	0.97%
HMH Lifestyles LP (a)	Land & Improvements	2,395,417	0.84%
Prairie Ridge Partners LP (b)	Land	2,221,417	0.78%
DFC Goodland LLC (b)	Land & Improvements	1,936,260	0.68%
Grand Acquisition Inc.	Land & Improvements	830,000	0.29%
Homeowner	Land & Improvements	779,142	0.27%
Homeowner	Land & Improvements	755,612	0.27%
Homeowner	Land & Improvements	717,046	0.25%
Total		\$ 34,688,903	12.20%

(a) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

(b) See "THE DEVELOPERS."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2025 Taxable Assessed Valuation (\$284,442,813) or the Estimate of Value as of July 1, 2025 (\$347,381,216). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Estimated Average Annual Debt Service Requirement (2026-2050).....	\$2,468,625
Tax Rate of \$0.92 on the 2025 Taxable Assessed Valuation produces.....	\$2,486,030
Tax Rate of \$0.75 on the Estimate of Value as of July 1, 2025 produces	\$2,475,091
Estimated Maximum Annual Debt Service Requirement (2044)	\$2,615,638
Tax Rate of \$0.97 on the 2025 Taxable Assessed Valuation produces.....	\$2,621,141
Tax Rate of \$0.75 on the Estimate of Value as of July 1, 2025 produces	\$2,640,097

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2025 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2025 Tax Rate
The District	\$1.000000
Ellis County	0.255357
Midlothian ISD	1.070800
Ellis County ESD No. 2	0.098000
Ellis County Lateral Road	0.018635
Total Tax Rate	\$2.442792

THE DISTRICT

General

The District was created on August 26, 2004, by Order of the Ellis County Commissioners Court as a fresh water supply district for the purposes and with the powers set forth in Chapters 49 and 54, Texas Water Code, including the powers to conserve, transport and distribute fresh water from any sources for domestic and commercial purposes inside and/or outside the District's boundaries. Pursuant to an election held by the District on November 2, 2004, the District subsequently assumed sanitary sewer powers and the authority to exercise the powers and functions of a road district under Chapter 257, Texas Transportation Code. The District operates pursuant to the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution and is, other than with respect to road improvements, under the continuing supervisory jurisdiction of the TCEQ. The District contains approximately 972.54 acres of land.

On April 28, 2025, the District was converted from a fresh water supply district to a municipal utility district operating under Chapter 54, Texas Water Code pursuant to an order of the TCEQ granting application for conversion of Ellis County Fresh Water Supply District No. 1 to a municipal utility district and acquisition of road powers (the "TCEQ Conversion Order"). The District has begun exercising the powers of a municipal utility district pursuant to the Conversion Order. Such conversion does not affect the taxing power of the District or the security for or payment of debt service on the Bonds.

Location of the District

The District is located wholly within Ellis County, approximately 4 miles northwest of the City of Midlothian, approximately 22 miles south of the central downtown business district of the City of Grand Prairie, Texas, and approximately 28 miles southwest of the central downtown business district of the City of Dallas and lies wholly within Midlothian Independent School District and the extraterritorial jurisdiction of the City of Grand Prairie.

The District is bordered on the North by Lakeview Drive, by developing acreage and the Business 287 on the east and by the Johnson County line on the west. Access to the District is provided by heading north on Business 287 from Midlothian for approximately 3.5 miles to Prairie Ridge Blvd. Take a left, heading west on Prairie Ridge Blvd for approximately 1.0 mile to the District.

Management of the District

The District is governed by a board, consisting of five (5) supervisors, which has control over and management supervision of all affairs of the District. All five (5) members of the Board own property within the District, although none resides in the District. Supervisors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Douglas Wilder	President	2028
Andrew Henk	Vice President	2026
Vacant	Secretary/Treasurer	-
Jason Shipley	Secretary	2028
Kevin Youngblood	Assistant Secretary	2028

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The District's Tax Assessor/Collector is Richard Rozier, the Ellis County Tax Assessor/Collector.

Bookkeeper: The District contracts with Dye & Toverly, LLC, for bookkeeping services.

Operator – The District's operator is Inframark, LLC.

Auditor: The District's financial statements for the fiscal year ended April 30, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, a copy of which is included as APPENDIX A.

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Westwood Professional Services, Inc. (the "Engineer").

Bond Counsel: The District has engaged Winstead PC, Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel in connection with the issuance of the Bonds. The legal fees to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds would be contingent on the sale and delivery of the Bonds.

General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as General Counsel to the District. The legal fees to be paid to General Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Emergency Services

The District is located within the boundaries of Ellis County Emergency Services District No. 2 ("EC ESD No. 2") and currently receives fire and emergency medical services from EC ESD No. 2.

Historical Operations of the District

The following is a summary of the District's Operating Fund. The figures for the fiscal years ending April 30 in the years 2021 through 2025, were obtained from the District's annual financial report, reference to which is

hereby made. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ending April 30,				
	2025	2024	2023	2022	2021
REVENUES:					
Property Taxes	\$ 447,696	\$ 592,351	\$ 480,004	\$ 235,713	\$ 10,832
Water Service	590,361	546,218	402,201	236,291	60,120
Wastewater Service	665,642	480,818	270,642	176,877	41,019
Permit Fees and Other Service Revenues	396,823	224,689	121,000	190,043	-
Investment and Miscellaneous Revenues	15,632	16,510	26,503	25,099	3,056
TOTAL REVENUES	\$ 2,116,154	\$ 1,860,586	\$ 1,300,350	\$ 864,023	\$ 115,027
EXPENDITURES:					
Professional Fees	\$ 329,208	\$ 304,102	\$ 283,882	\$ 248,718	\$ 143,122
Contracted Services	227,886	182,020	120,613	106,183	33,028
Purchased Water Service	529,230	394,458	298,021	224,088	52,021
Purchases Sewer Service	658,895	597,039	359,929	292,137	60,705
Repairs and Maintenance	987,002	437,646	317,824	167,868	131,723
Other	48,326	94,487	45,402	28,781	18,117
TOTAL EXPENDITURES	\$ 2,780,547	\$ 2,009,752	\$ 1,425,671	\$ 1,067,775	\$ 438,716
Excess (Deficiency) of Revenues Over Expenditures ^(a)	<u>\$ (664,393)</u>	<u>\$ (149,166)</u>	<u>\$ (125,321)</u>	<u>\$ (203,752)</u>	<u>\$ (323,689)</u>
OTHER FINANCING SOURCES:					
Developer Advances	\$ 818,499	\$ 34,742	\$ 484,818	\$ 248,763	\$ 315,491
Beginning Fund Balance	\$ 283,769	\$ 398,193	\$ 38,696	\$ (6,315)	\$ 1,883
Ending Fund Balance	\$ 437,875	\$ 283,769	\$ 398,193	\$ 38,696	\$ (6,315)

- (a) The District had previously been charging residents of the District a flat bill for sewer expenses, which differed from the volumetric rates the District was being charged by the City, which resulted in greater than anticipated deficits relative to the sewer operations. The District revised its sewer rates in 2024 to align the rates it charges to customers with those being charged to the District by the City.

Additionally, as discussed under the "THE SYSTEM – Wastewater Treatment Capacity," Prairie Ridge, phases 5, 6, 7, 8, and 9 (approximately 698 lots) are awaiting the connection of a permanent wastewater transmission line by the Trinity River Authority to serve those homes with wastewater treatment. The District is currently using pumping and hauling to transmit wastewater to treatment facilities and is anticipated to do so until the TRA wastewater transmission line is connected to the Utility System. The TRA wastewater transmission line is complete but has not been connected. The District is reliant on PRA for the payment of the pump and haul system. The District's Engineer anticipates the pump and haul system will no longer need to be utilized once the TRA wastewater transmission line is connected to the Utility System. The costs of pumping and hauling of the wastewater from the affected sections of the District are being paid for by PRA.

The District anticipates that it will not be reliant on developer advances moving forward but can make no representations as to the need for future advances.

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

To date, approximately 209.30 acres within the District have been developed as 1,203 total single-family lots in the following residential subdivisions: Prairie Ridge, Phase 1, Phase 2, Phase 3, Phase 4, Phase 5, Phase 6, Phase 7, Phase 8 and Phase 9. As of September 1, 2025, the District included approximately 728 completed homes (approximately 600 occupied, 122 unoccupied, and 6 model homes); approximately 9 homes under construction; and approximately 466 vacant developed lots. The remaining land within the District is comprised of approximately 611.89 acres of undeveloped but developable land, approximately 95.50 acres of undeveloped land, approximately 44.51 acres for recreational amenities for residents within the District, and approximately 11.34 acres for an amenity center.

The table below summarizes the development within the District as of September 1, 2025.

Prairie Ridge Development:	Acreage	Lots	Homes Completed	Homes Under Construction	Vacant Developed Lots
Prairie Ridge, Phase 1	34.68	193	169	–	24
Prairie Ridge, Phase 2	16.93	98	92	1	5
Prairie Ridge, Phase 3	18.20	99	96	–	3
Prairie Ridge, Phase 4	17.98	106	89	3	14
Prairie Ridge, Phase 5	29.30	180	119	3	58
Prairie Ridge, Phase 6	20.56	109	32	–	77
Prairie Ridge, Phase 7	26.60	150	131	–	19
Prairie Ridge, Phase 8	21.96	120	–	2	118
Prairie Ridge, Phase 9	23.09	148	–	–	148
Totals	209.30	1,203	728	9	466
Recreation	44.51				
Amenity Center	11.34				
Remaining Developable	611.89				
Undevelopable Acreage	95.50				
Total	972.54				

Homebuilders within the District

Builders currently building homes within the District include Beazer Homes, M/I Homes, Grand Homes, History Maker Homes, David Weekley Homes, Highland Homes and Trophy Signature Homes. The homes being marketed in the District range in size from approximately 1,517 square feet to 4,255 square feet and range in price from approximately \$351,284 to \$1,075,023.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(September 2025)



PHOTOGRAPHS TAKEN IN THE DISTRICT
(September 2025)



THE DEVELOPERS

The Role of a Developer

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

Prospective Bond purchasers should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

None of the Developers, nor any affiliate of any such entity, if any, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by such entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developers

Approximately 93 acres (291 total lots) within the District have been developed by Prairie Ridge Partners LP, a Texas limited partnership ("Partners") as Prairie Ridge Phases 1 and 2. Approximately 31 acres (99 total lots) within the District have been developed by Prairie Ridge Phase 3 LP, a Texas limited partnership ("PR Phase 3") as Prairie Ridge Phase 3. Approximately 28 acres (106 total lots) within the District have been developed by Prairie Ridge Phase 4 LP, a Texas limited partnership ("PR Phase 4") as Prairie Ridge Phase 4. Approximately 81 acres (289 total lots) within the District have been developed by Beazer Homes Texas L.P., a Delaware limited partnership ("Beazer") as Prairie Ridge Phase 5 and Prairie Ridge Phase 6. Beazer does not own any additional land within the District. Approximately 40 acres (150 total lots) within the District have been developed by M/I Homes of DFW LLC, a Delaware limited liability company ("M/I") as Prairie Ridge Phase 7. M/I does not own any additional land within the District. Approximately 62 acres (268 total lots) within the District were sold by Prairie Ridge Capital Corp ("PRCC") to DFC Goodland LLC, a Florida limited liability company ("DFC") as Prairie Ridge Phases 8 and 9. DFC does not own any additional land within the District.

PRA Prairie Ridge LP, a Texas limited partnership ("PRA PR") owns approximately 66 acres of undeveloped land in the District. Prairie Ridge Capital Corp. ("Capital Corp") owns approximately 101 acres of undeveloped land in the District. Soap Box Partners LP ("Soap Box") owns approximately 446 acres of undeveloped land in the District, Prairie Ridge North LP ("PR North") owns approximately 52 acres of undeveloped land in the District, and Prairie Ridge Mountain Creek LP ("PR Mountain Creek") owns approximately 98 acres of undeveloped land in the District.

PRA PR, Capital Corp, Partners, PR Phase 3, PR Phase 4, Beazer, M/I, DFC, Soap Box, PR North, and PR Mountain Creek are referred to herein collectively as the "Developers." Each of PRA PR, Capital Corp, Partners, PR Phase 3, PR Phase 4, Soap Box, PR North, and PR Mountain Creek is an affiliate of Provident Realty Advisors, Inc., a Texas corporation ("PRA"), and each has indicated that the undeveloped land it owns within the District, if any, is intended to be developed for single-family residential purposes, although the District can make no assurances as to the ultimate disposition of such land. No representations or assurances can be made regarding the plans of any Developers for (i) future development, if any, of the remaining phases of developable land within the District, or (ii) the sale of any Developer's land within the District.

Pursuant to reimbursement agreements between each of the Developers and the District, or partial assignments of prior reimbursement agreements as to land subsequently purchased, each of the Developers has the right to be reimbursed from the proceeds of District bonds for expenditures made toward the construction of the Utility System and the Road System. The Developers also have the right to be reimbursed from the proceeds of District bonds for advances made to pay certain expenses of operating and administering the District, subject to legal and regulatory limitations.

No representations or assurances can be made regarding the plans of any Developers for (i) future development, if any, of the remaining phases of developable land within the District, or (ii) the sale of any Developer's land within the District.

Development Financing

Certain of the PRA-affiliated entities received a loan in the total amount of \$14,000,000 from Orix Public Finance LLC, which loan is collateralized by future District reimbursement/receivables. The loan currently matures on December 15, 2028. The outstanding balance of the loan as of September 1, 2025, is \$10,173,367.67.

PRA also has a land loan with Liberty Bankers Life Insurance Company in the total amount of \$15,000,000. The loan currently matures on January 1, 2027. The outstanding balance of that loan as of September 1, 2025, is \$13,500,000.

According to Developer and its affiliates, they all are in compliance with all material terms of such loans.

Lot-Sales Contracts

The Developers, through their subsidiary entities, have entered into lot sales contracts with each of Beazer Homes, M/I Homes, Grand Homes, History Maker Homes and Trophy Signature Homes.

According to the Developers, each of the builders is in compliance with their respective lot sale contracts. As of September 1, 2025, the total number of lots contracted and purchased by each builder is listed below:

Builder	Total Lots Contracted	Total Lots Purchased
Beazer Homes	515	515
M/I Homes	200	200
Grand Homes	112	112
Trophy Signature Homes (a)	109	109
David Weekley Homes	134	134
Highland Homes	133	133
Totals	1,203	1,203

(a) History Maker Homes has purchased a portion of the contracted lots from Trophy Signature Homes.

THE SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District (the "Utility System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and the County. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply

The District's water supply is obtained from the City pursuant to the provisions of an Interlocal Cooperative Treated Water Agreement, dated February 16, 2006 (the "Water ILA"), among the District, the City and Johnson County Fresh Water Supply District No. 2 ("JCFWSD 2"). Under the Water ILA, the District and JCFWSD 2 are entitled to an amount not to exceed 4,000,000 gallons per day of treated water, with an annual average

maximum usage of 2,000,000 gallons per day. JCFWSD 2 currently is undeveloped and is not taking water under the Water ILA. According to the District's Engineer, the contracted amounts under the Water ILA will be sufficient to serve 5,000 equivalent single-family connections.

As of September 1, 2025, the District was serving approximately 818 active residential connections.

Wastewater Treatment Capacity

District wastewater is treated pursuant to the provisions of an Interlocal Cooperative Wastewater Service Agreement, dated February 16, 2006 (the "Wastewater ILA"), among the District, the City and JCFWSD 2. Under the Wastewater ILA, the District and JCFWSD 2 are entitled to deliver to the City a minimum of 1,260,000 gallons per day average daily flow of wastewater or an amount otherwise sufficient to serve 4,000 equivalent single-family connections. JCFWSD 2 currently is undeveloped and is not transporting wastewater for treatment under the Wastewater ILA. According to the District's Engineer, treatment capacity under the Wastewater ILA is operational and available to serve the contracted 4,000 equivalent single-family connections.

Prairie Ridge, phases 5, 6, 7, 8, and 9 (approximately 698 lots) are awaiting the connection of a permanent wastewater transmission line by the Trinity River Authority to serve those homes with wastewater treatment. The District is currently using pumping and hauling to transmit wastewater to treatment facilities and is anticipated to do so until the TRA wastewater transmission line is connected to the Utility System. The TRA wastewater transmission line is complete but has not been connected. The District is reliant on PRA for the payment of the pump and haul system. The District's Engineer anticipates the pump and haul system will no longer need to be utilized once the TRA wastewater transmission line is connected to the Utility System.

As of September 1, 2025, the District was serving approximately 818 active residential connections.

Drainage

The District generally drains to the east to Soap Creek. According to the District's engineer, none of the developable land within the District is within the 100-year flood plain.

Roads

Certain of the District's roads and ancillary improvements, including drainage facilities appurtenant to the roads (the "Road System"), that lie within the District's boundaries will be funded with the proceeds of bonds issued for the Road System. Construction of the District's roads is subject to certain regulation by the County. The roads in the District are constructed with reinforced concrete pavement with curbs on cement or lime stabilized subgrade. Remaining streets provide local interior service within the District. The Road System also includes streetlights, sound barriers, drainage facilities appurtenant to the roads, and franchise utilities (power, phone and cable). Public utilities such as water, wastewater and storm drainage are typically located within street right of ways. The Road System is maintained by the District.

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**DISTRICT DEBT
(UNAUDITED)**

2025 Taxable Assessed Valuation	\$ 284,442,813 (a)
Estimate of Value as of July 1, 2025	\$ 347,381,216 (b)
Direct Debt:	
The Outstanding Bonds	\$ 32,955,000
The Bonds	\$ 5,000,000
Total	\$ 37,955,000
Estimated Overlapping Debt	\$ 8,902,598 (c)
Total Direct and Estimated Overlapping Debt	\$ 46,857,598
Direct Debt Ratios:	
As a percentage of 2025 Taxable Assessed Valuation	13.34 %
As a percentage of the Estimate of Value as of July 1, 2025	10.93 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2025 Taxable Assessed Valuation	16.47 %
As a percentage of the Estimate of Value as of July 1, 2025	13.49 %
Road System Debt Service Fund Balance (as of September 24, 2025)	\$ 858,749 (d)
Utility System Debt Service Fund Balance (as of September 24, 2025)	\$ 121,227 (e)
General Operating Fund Balance (as of September 24, 2025)	\$ 427,811 (f)
2025 Tax Rate	
Utility System Debt Service	\$ 0.330
Road System Debt Service	\$ 0.420
Maintenance & Operations	\$ 0.250
Total	\$ 1.000 (g)
Estimated Average Annual Debt Service Requirement (2026-2050)	\$ 2,468,625 (h)
Estimated Maximum Annual Debt Service Requirement (2044)	\$ 2,615,638 (h)
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2050):	
Based Upon 2025 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.92
Based Upon the Estimate of Value as of July 1, 2025 at 95% Tax Collections	\$ 0.75
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2044):	
Based Upon 2025 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.97
Based Upon the Estimate of Value as of July 1, 2025 at 95% Tax Collections	\$ 0.80

- (a) As certified by the Ellis Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) An Estimate of Market Value of \$368,292,632 as of July 1, 2025 has been provided by the Appraisal District for informational purposes only. The Estimated Taxable Value of \$347,381,216 includes \$20,911,416 in estimated exemptions based on the January 1, 2025 certified roll. This amount is an estimate of the value of all taxable property located within the District as of July 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, to July 1, 2025. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."
- (d) Twelve (12) months of capitalized interest on the Bonds will be deposited in the Road System Debt Service Fund (hereinafter defined) upon delivery of the Bonds. Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Bonds, bonds previously issued for the Road System and any other bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined). Funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined).
- (e) Texas law does not require that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on bonds issued for the purpose of acquiring or constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Road System, including the Bonds.
- (f) See "RISK FACTORS – Operating Funds," "THE DISTRICT – Historical Operations of the District," and "THE SYSTEM – Wastewater Treatment Capacity."
- (g) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Road System and for payment of debt service on bonds issued for the Utility System; both such taxes are unlimited as to rate or amount. See "TAX DATA – Tax Rate Calculations."
- (h) Debt Service on the Bonds is estimated at an average interest rate of 4.75%. See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements for the Outstanding Bonds, as well as estimated interest requirements for the Bonds, assuming the Bonds are issued at an interest rate of 4.75%. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service (a)	The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2026	\$ 2,325,440	\$ -	\$ 185,382	\$ 185,382	\$ 2,510,822
2027	2,312,150	55,000	237,500	292,500	2,604,650
2028	2,306,610	65,000	234,888	299,888	2,606,498
2029	2,293,073	85,000	231,800	316,800	2,609,873
2030	2,282,360	100,000	227,763	327,763	2,610,123
2031	2,268,668	115,000	223,013	338,013	2,606,680
2032	2,252,360	140,000	217,550	357,550	2,609,910
2033	2,248,478	150,000	210,900	360,900	2,609,378
2034	2,245,429	160,000	203,775	363,775	2,609,204
2035	2,241,854	175,000	196,175	371,175	2,613,029
2036	2,241,773	180,000	187,863	367,863	2,609,635
2037	2,239,635	190,000	179,313	369,313	2,608,948
2038	2,240,171	200,000	170,288	370,288	2,610,459
2039	2,238,371	210,000	160,788	370,788	2,609,159
2040	2,233,789	225,000	150,813	375,813	2,609,601
2041	2,236,540	235,000	140,125	375,125	2,611,665
2042	2,241,259	245,000	128,963	373,963	2,615,221
2043	2,232,944	265,000	117,325	382,325	2,615,269
2044	2,235,900	275,000	104,738	379,738	2,615,638
2045	2,229,819	290,000	91,675	381,675	2,611,494
2046	2,220,694	310,000	77,900	387,900	2,608,594
2047	2,219,294	330,000	63,175	393,175	2,612,469
2048	2,219,675	345,000	47,500	392,500	2,612,175
2049	1,073,100	320,000	31,113	351,113	1,424,213
2050	-	335,000	15,913	350,913	350,913
Total	\$ 52,879,383	\$ 5,000,000	\$ 3,836,232	\$ 8,836,232	\$ 61,715,614

(a) Outstanding as of delivery of the Bonds.

Estimated Average Annual Requirements (2026-2050).....	\$2,468,625
Estimated Maximum Annual Requirement (2044).....	\$2,615,638

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Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2025 Taxable Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

Taxing Jurisdiction	Outstanding Debt 8/31/2025	Overlapping	
		Percent	Amount
Ellis County	\$ 21,260,000	0.84%	\$ 178,956
Midlothian Independent School District	333,690,000	2.61	8,723,642
Total Estimated Overlapping Debt			\$ 8,902,598
Direct Debt (a)			\$37,955,000
Total Direct and Estimated Overlapping Debt			<u>\$46,857,598</u>

(a) Included the Bonds and the Outstanding Bonds.

Debt Ratios

Ratios of Direct Debt (a):

As a percentage of the 2025 Taxable Assessed Valuation.....	13.34	%
As a percentage of the Estimate of Value as of July 1, 2025	10.93	%

Ratios of Direct and Estimated Overlapping Debt (a):

As a percentage of the 2025 Taxable Assessed Valuation.....	16.47	%
As a percentage of the Estimate of Value as of July 1, 2025	13.49	%

(a) Includes the Bonds and the Outstanding Bonds.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of Winstead PC, Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to sovereign immunity and to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District.

The District will also furnish the legal opinion of Bond Counsel to the District to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law, subject to the matters discussed below under "TAX MATTERS."

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

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and 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 financial condition of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of the sale.

Legal Review

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "THE BONDS" (except for information under the subheading "Estimated Use and Distribution of Bond Proceeds"), "THE DISTRICT," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions," and "TAX MATTERS" solely to determine whether such information fairly summarizes the documents, laws and procedures referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Winstead PC, Dallas, Texas, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the

District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the “Service”). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service’s view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Initial Purchaser made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury, and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel’s knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

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 ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) 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 (ii) 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 accumulated earnings and profits and excess passive investment income, 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.

Changes in Law

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 or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest.

In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Information Reporting and Backup Withholding

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

Qualified Tax-Exempt Obligations

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 District expects that the Bonds will be designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant 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

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated

financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the section titled “APPENDIX A – Financial Statements of the District,” “TAX DATA,” and “THE DISTRICT – Historical Operations of the District.” The District will update and provide this information to the MSRB through its EMMA system within six months after the end of each of its fiscal years ending in or after 2026. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements within such period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s current fiscal year end is April 30. Accordingly, it must provide updated information by October 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the “Rule” or “SEC Rule 15c2-12”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. Neither the Bonds or the Bond Order make any provision for debt service reserve or a trustee.

For the purposes of event (12) in the immediately preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of events (15) and (16), the term “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument;

provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined the Rule) has been provided to the MSRB consistent with the Rule.

The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Bonds at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if by only (1) the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an Initial Purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

Since its initial continuing disclosure undertaking in 2021, the District has complied in all material respects with all continuing disclosure covenants made in accordance with SEC Rule 15c2-12 with the exception of the following: on June 9, 2022, the District issued its Bond Anticipation Note, Series 2022 in the amount of \$4,535,000 (the “Note”) but failed to file an event notice pursuant to SEC Rule 15c2-12. The District filed event notices with the MRSB via EMMA on January 18, 2023, regarding the incurrence of a financial obligation, as well as a failure to file an event notice of the incurrence of a financial obligation. The District has instituted procedures to ensure timely filing of all future notices of all required information.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District’s records, the District Engineer, the Developers, the Tax Assessor/Collector, the Auditor, the Ellis Appraisal District and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and

engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the year ended April 30, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPERS – The Developers" has been provided by the Developers and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to the District's financial statements, in particular, the information in APPENDIX A, has been provided by the Auditor and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering and to the description of the Utility System and the Road System generally and, in particular, the engineering information included in the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the Ellis Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchaser a certificate, executed by the authorized supervisors of the Board of Supervisors of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (i) the descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery, were and are true and correct in all material respects; (ii) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (iii) insofar as the descriptions and statements, including financial data, contained in this Official Statement, of or pertaining to entities other than the District, 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.

Updating the Official Statement

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provide written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than

all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District’s records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever 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 summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Supervisors of Ellis County Fresh Water Supply District No. 1 as of the date specified on the first page hereof.

/s/ _____
President, Board of Supervisors
Douglas Wilder
Ellis County Fresh Water Supply District No. 1

ATTEST:

/s/ _____
Secretary, Board of Supervisors
Jason Shipley
Ellis County Fresh Water Supply District No. 1

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

ELLIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ellis County Fresh Water Supply
District No. 1
Ellis County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Ellis County Fresh Water Supply District No. 1 (the "District") as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Ellis County Fresh Water Supply District No. 1

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

July 23, 2025

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2025

Management's discussion and analysis of the financial performance of Ellis County Fresh Water Supply District No. 1 (the "District") provides an overview of the District's financial activities for the fiscal year ended April 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets and liabilities 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2025

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO FINANCIAL STATEMENTS

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$11,167,997 as of April 30, 2025. A portion of the District's net position reflects its net investment in capital assets which includes roads, water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 3,621,960	\$ 2,851,516	\$ 770,444
Capital Assets (Net of Accumulated Depreciation)	40,032,297	39,303,644	728,653
Total Assets	\$ 43,654,257	\$ 42,155,160	\$ 1,499,097
Due to Developers	\$ 20,389,027	\$ 21,135,241	\$ 746,214
Bonds Payable	33,791,911	29,515,305	(4,276,606)
Other Liabilities	641,316	525,319	(115,997)
Total Liabilities	\$ 54,822,254	\$ 51,175,865	\$ (3,646,389)
Net Position:			
Net Investment in Capital Assets	\$ (12,575,891)	\$ (9,767,600)	\$ (2,808,291)
Restricted	2,154,592	1,691,265	463,327
Unrestricted	(746,698)	(944,370)	197,672
Total Net Position	\$ (11,167,997)	\$ (9,020,705)	\$ (2,147,292)

The following table provides a summary of the District's operations for the years ended April 30, 2025, and April 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,092,140	\$ 1,735,896	\$ 356,244
Charges for Services	1,652,826	1,251,725	401,101
Other Revenues	110,626	93,829	16,797
Total Revenues	\$ 3,855,592	\$ 3,081,450	\$ 774,142
Expenses for Services	6,002,884	5,632,955	(369,929)
Change in Net Position	\$ (2,147,292)	\$ (2,551,505)	\$ 404,213
Net Position, Beginning of Year	(9,020,705)	(6,469,200)	(2,551,505)
Net Position, End of Year	\$ (11,167,997)	\$ (9,020,705)	\$ (2,147,292)

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2025, were \$3,075,802, an increase of \$562,482 from the prior year.

The General Fund fund balance increased by \$154,106, primarily due to current year property tax revenues, operating revenues and developer advances exceeding operating costs.

The Debt Service Fund fund balance increased by \$486,090, primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from the sale of bonds.

The Capital Projects Fund fund balance decreased by \$77,714. The District issued its Series 2024 Bonds to reimburse developers for construction of District facilities (see also Note 13).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the current fiscal year. The budget was amended to decrease the budgeted maintenance tax revenues. Actual revenues were \$174,645 less than budgeted revenues, actual expenditures were \$572,001 more than budgeted expenditures and actual developer advances were \$818,499 more than budgeted. This resulted in a positive variance of \$71,853. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of April 30, 2025, total \$40,032,297 (net of accumulated depreciation) and include roads as well as the water, wastewater and drainage systems. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End			
	2025	2024	Variance Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$	\$ 185,863	\$ (185,863)
Capital Assets Subject to Depreciation:			
Roads	20,426,694	18,755,816	1,670,878
Water System	9,202,354	9,047,960	154,394
Wastewater System	6,697,747	6,312,121	385,626
Drainage System	6,969,102	7,409,536	(440,434)
Less Accumulated Depreciation	(3,263,600)	(2,407,652)	(855,948)
Total Net Capital Assets	<u>\$ 40,032,297</u>	<u>\$ 39,303,644</u>	<u>\$ 728,653</u>

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

LONG-TERM DEBT ACTIVITY

The District has total bond debt payable of \$33,665,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, May 1, 2024	\$	29,370,000
Add: Bond Sale		4,760,000
Less: Bond Principal Paid		<u>(465,000)</u>
Bond Debt Payable, April 30, 2025	\$	<u>33,665,000</u>

The District's Series 2021 Road bonds do not carry a rating while all other bond issues carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty Inc. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ellis County Fresh Water Supply District No. 1, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 90,428	\$ 144
Investments	683,163	2,380,829
Receivables:		
Property Taxes	6,794	25,491
Service Accounts	177,842	
Due from Other Funds	315	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 958,542</u>	<u>\$ 2,406,464</u>
LIABILITIES		
Accounts Payable	\$ 309,989	\$
Accrued Interest Payable		
Due to Developers	124,114	
Due to Other Funds		315
Security Deposits	79,770	
Long Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 513,873</u>	<u>\$ 315</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 6,794	\$ 25,491
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,380,658
Unassigned	437,875	
TOTAL FUND BALANCES	<u>\$ 437,875</u>	<u>\$ 2,380,658</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 958,542</u>	<u>\$ 2,406,464</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 421	\$ 90,993	\$	\$ 90,993
256,848	3,320,840		3,320,840
	32,285		32,285
	177,842		177,842
	315	(315)	
		40,032,297	40,032,297
<u>\$ 257,269</u>	<u>\$ 3,622,275</u>	<u>\$ 40,031,982</u>	<u>\$ 43,654,257</u>
\$	\$ 309,989	\$	\$ 309,989
		251,557	251,557
	124,114	20,264,913	20,389,027
	315	(315)	
	79,770		79,770
		710,000	710,000
		33,081,911	33,081,911
<u>\$ -0-</u>	<u>\$ 514,188</u>	<u>\$ 54,308,066</u>	<u>\$ 54,822,254</u>
<u>\$ -0-</u>	<u>\$ 32,285</u>	<u>\$ (32,285)</u>	<u>\$ -0-</u>
\$ 257,269	\$ 257,269	\$ (257,269)	\$
	2,380,658	(2,380,658)	
	437,875	(437,875)	
<u>\$ 257,269</u>	<u>\$ 3,075,802</u>	<u>\$ (3,075,802)</u>	<u>\$ -0-</u>
<u>\$ 257,269</u>	<u>\$ 3,622,275</u>		
		\$ (12,575,891)	\$ (12,575,891)
		2,154,592	2,154,592
		(746,698)	(746,698)
		<u>\$ (11,167,997)</u>	<u>\$ (11,167,997)</u>

The accompanying notes to financial
statements are an integral part of this report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2025

Total Fund Balances - Governmental Funds	\$ 3,075,802
--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	40,032,297
--	------------

Deferred tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.	32,285
---	--------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of the following:

Due to Developers	\$ (20,264,913)	
Accrued Interest Payable	(251,557)	
Bonds Payable	<u>(33,791,911)</u>	<u>(54,308,381)</u>
Total Net Position - Governmental Activities		<u><u>\$ (11,167,997)</u></u>

The accompanying notes to financial
statements are an integral part of this report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 447,696	\$ 1,644,106
Water Service	590,361	
Wastewater Service	665,642	
Permit Fees and Other Service Revenues	396,823	
Investment and Miscellaneous Revenues	<u>15,632</u>	<u>82,935</u>
TOTAL REVENUES	<u>\$ 2,116,154</u>	<u>\$ 1,727,041</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 329,208	\$ 1,875
Contracted Services	227,886	20,593
Purchased Water Service	529,230	
Purchased Sewer Service	658,895	
Repairs and Maintenance	987,002	
Depreciation		
Other	48,326	
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		465,000
Bond Interest		1,347,259
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 2,780,547</u>	<u>\$ 1,834,727</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (664,393)</u>	<u>\$ (107,686)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$	\$ 378,370
Proceeds from Issuance of Long-Term Debt		215,406
Bond Discount		
Bond Premium		
Developer Advances	<u>818,499</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 818,499</u>	<u>\$ 593,776</u>
NET CHANGE IN FUND BALANCES	\$ 154,106	\$ 486,090
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2024	<u>283,769</u>	<u>1,894,568</u>
FUND BALANCES/NET POSITION - APRIL 30, 2025	<u><u>\$ 437,875</u></u>	<u><u>\$ 2,380,658</u></u>

The accompanying notes to financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,091,802	\$ 338	\$ 2,092,140
	590,361		590,361
	665,642		665,642
	396,823		396,823
12,059	110,626		110,626
<u>\$ 12,059</u>	<u>\$ 3,855,254</u>	<u>\$ 338</u>	<u>\$ 3,855,592</u>
\$	\$ 331,083	\$	\$ 331,083
	248,479		248,479
	529,230		529,230
	658,895		658,895
	987,002		987,002
		855,948	855,948
	48,326		48,326
3,273,428	3,273,428	(3,273,428)	
553,204	553,204		553,204
	465,000	(465,000)	
	1,347,259	26,725	1,373,984
416,733	416,733		416,733
<u>\$ 4,243,365</u>	<u>\$ 8,858,639</u>	<u>\$ (2,855,755)</u>	<u>\$ 6,002,884</u>
<u>\$ (4,231,306)</u>	<u>\$ (5,003,385)</u>	<u>\$ 2,856,093</u>	<u>\$ (2,147,292)</u>
\$ (378,370)	\$	\$	\$
4,544,594	4,760,000	(4,760,000)	
(82,994)	(82,994)	82,994	
70,362	70,362	(70,362)	
	818,499	(818,499)	
<u>\$ 4,153,592</u>	<u>\$ 5,565,867</u>	<u>\$ (5,565,867)</u>	<u>\$ -0-</u>
\$ (77,714)	\$ 562,482	\$ (562,482)	\$
		(2,147,292)	(2,147,292)
334,983	2,513,320	(11,534,025)	(9,020,705)
<u>\$ 257,269</u>	<u>\$ 3,075,802</u>	<u>\$ (14,243,799)</u>	<u>\$ (11,167,997)</u>

The accompanying notes to financial
statements are an integral part of this report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2025

Net Change in Fund Balances - Governmental Funds	\$ 562,482
--	------------

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	338
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Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(855,948)
---	-----------

Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases.	3,273,428
---	-----------

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	465,000
---	---------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(26,725)
---	----------

Governmental funds report bond proceeds, bond discounts, and bond premiums as other financing sources and uses. Bonds payable, net of unamortized bond premiums and bond discounts, are reported as long-term liabilities in the Statement of Net Position.	(4,747,368)
---	-------------

Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.	(818,499)
--	-----------

Change in Net Position - Governmental Activities	\$ <u>(2,147,292)</u>
--	-----------------------

The accompanying notes to financial
statements are an integral part of this report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1. CREATION OF DISTRICT

On August 10, 2004, the City of Grand Prairie, Texas consented to the creation of Ellis County Fresh Water Supply District No. 1 (the “District”) and on August 26, 2004, the Ellis County Commissioners Court approved the order creating the District. The District was created for the purposes and with the powers set out under Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 53, Texas Water Code, as amended. The District was created to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes inside or outside the boundaries of the District. Pursuant to an election held on November 2, 2004, the District subsequently assumed sanitary sewer powers and road district powers, the latter under Article III, Section 52, of the Texas Constitution. The District is authorized to purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes, and exercise the rights, authority, privileges, and functions of a road district under Chapter 257, Transportation Code. The District is located wholly within Ellis County, Texas, and the extraterritorial jurisdiction of the City of Grand Prairie, Texas, and is under the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The Board of Supervisors of the District held its first meeting on August 30, 2004.

On April 28, 2025, the Commission issued an order granting conversion of the District from a fresh water supply district to a municipal utility district (“MUD”) operating under Chapter 54 of the Texas Water Code, specifically reserving the District’s road powers under Chapter 53 of the Texas Water Code and Chapter 257 of the Texas Transportation Code. The name of the District after conversion shall remain unchanged as Ellis County Fresh Water Supply District No. 1.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of year end, the Debt Service Fund owed the General Fund \$315 for maintenance tax revenues. The Capital Projects Fund transferred \$378,370 to the Debt Service Fund comprised of excess road bond proceeds from the Series 2023A Road Bonds.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have a total cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives for the water, wastewater, drainage and road infrastructure range from 20 to 45 years.

Budgeting

A budget is adopted for the General Fund each year by the Board of Directors and is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources, if any, associated with the activities are reported. Fund equity is classified as net position.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 3. LONG-TERM DEBT

Changes in bonds payable for the current fiscal year is summarized in the following table:

	May 1, 2024	Additions	Retirements	April 30, 2025
Bonds Payable	\$ 29,370,000	\$ 4,760,000	\$ 465,000	\$ 33,665,000
Unamortized Discounts	(424,469)	(82,994)	(18,312)	(489,151)
Unamortized Premiums	569,774	70,362	24,074	616,062
Bonds Payable, Net	<u>\$ 29,515,305</u>	<u>\$ 4,747,368</u>	<u>\$ 470,762</u>	<u>\$ 33,791,911</u>
			Amount Due Within One Year	\$ 710,000
			Amount Due After One Year	<u>33,081,911</u>
			Bonds Payable, Net	<u><u>\$ 33,791,911</u></u>

Bonds payable as of April 30, 2025, consist of the following:

	Road Series 2021	Utility Series 2023	Road Series 2023
Amount Outstanding – April 30, 2025	\$ 5,575,000	\$ 7,195,000	\$ 5,390,000
Interest Rates	1.70% - 3.00%	3.25% - 5.75%	4.00% - 6.50%
Maturity Dates – Beginning/Ending	September 1, 2025/2047	September 1, 2025/2048	September 1, 2025/2048
Interest Payment Dates	September 1 / March 1	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2026*	February 1, 2029*	April 1, 2029*

* At the option of the District as a whole or in part on the call option or any date thereafter, at par plus accrued interest to the date of redemption. The Series 2021 Road term bonds maturing on September 1, 2034, 2036, 2038, 2040, 2042 and 2047 are subject to mandatory redemption beginning September 1, 2033, 2035, 2037, 2039, 2041 and 2043, respectively. The Series 2023 Utility term bonds maturing on September 1, 2042, 2045, and 2048 are subject to mandatory redemption beginning September 1, 2041, 2043, and 2046, respectively. The Series 2023 Road term bonds maturing on September 1, 2032, 2034, 2037, 2039, 2042, and 2048 are subject to mandatory redemption beginning September 1, 2031, 2033, 2035, 2038, 2040, and 2043, respectively.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

	Road Series 2023A	Utility Series 2024
Amount Outstanding – April 30, 2025	\$ 10,745,000	\$ 4,760,000
Interest Rates	5.00% - 7.50%	4.00% - 6.50%
Maturity Dates – Beginning/Ending	September 1, 2025/2049	September 1, 2026/2049
Interest Payment Dates	September 1 / March 1	September 1 / March 1
Callable Dates	November 1, 2029*	December 1, 2030*

* At the option of the District as a whole or in part on the call option or any date thereafter, at par plus accrued interest to the date of redemption. The Series 2023A Road term bonds maturing on September 1, 2045, 2047, and 2049 are subject to mandatory redemption beginning September 1, 2044, 2046, and 2048, respectively. The Series 2024 Utility term bonds maturing on September 1, 2046 and 2049 are subject to mandatory redemption beginning September 1, 2045 and 2047, respectively.

As of April 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 710,000	\$ 1,489,889	\$ 2,199,889
2027	855,000	1,446,296	2,301,296
2028	890,000	1,396,879	2,286,879
2029	935,000	1,344,841	2,279,841
2030	975,000	1,290,216	2,265,216
2031-2035	5,535,000	5,632,043	11,167,043
2036-2040	6,715,000	4,350,272	11,065,272
2041-2045	8,190,000	2,818,446	11,008,446
2046-2050	8,860,000	910,170	9,770,170
	<u>\$ 33,665,000</u>	<u>\$ 20,679,052</u>	<u>\$ 54,344,052</u>

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2025, the District has \$107,235,000 authorized but unissued tax bonds for the purpose of purchasing or construction of water and wastewater facilities, \$169,010,000 authorized but unissued tax bonds for the purpose of purchasing or construction of road infrastructure, \$21,130,000 for refunding water and wastewater facilities bonds, and \$39,350,000 for refunding road bonds.

The bond orders require the District to levy and collect an ad valorem debt service tax upon all property subject to taxation within the District, without limitation as to rate or amount, sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

During the year ended April 30, 2025, the District levied an ad valorem debt service tax rate of \$0.79 per \$100 of assessed valuation, which resulted in a tax levy of \$1,659,108 on the adjusted taxable valuation of \$210,013,751 for the 2024 tax year. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information is of the general type included in the audited annual financial statements and is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds. The bond resolutions state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$90,993 and the bank balance was \$172,967. The District was not exposed to custodial credit risk at year-end.

Cash balances at year-end are summarized in the following table:

	Cash
GENERAL FUND	\$ 90,428
DEBT SERVICE FUND	144
CAPITAL PROJECTS FUND	421
TOTAL DEPOSITS	<u>\$ 90,993</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. 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." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Local Government Investment Cooperative (LOGIC), an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. J. P. Morgan Investment Management, Inc. (JPMIM) serves as investment advisor. Hilltop Securities and JPMIM manage the daily operations of the pool. LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

As of April 30, 2025, the District had the following investments:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 683,163	\$ 683,163
<u>DEBT SERVICE FUND</u>		
LOGIC	2,380,829	2,380,829
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	256,848	256,848
TOTAL INVESTMENTS	<u>\$ 3,320,840</u>	<u>\$ 3,320,840</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in LOGIC was rated AAAM by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service. All cash and investments of the Capital Projects Fund are restricted for the purchase or construction of District infrastructure.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended is summarized in the following table:

	May 1, 2024	Increases	Decreases	April 30, 2025
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 185,863	\$ 1,584,600	\$ 1,770,463	\$ - 0 -
Capital Assets Subject to Depreciation				
Roads	\$ 18,755,816	\$ 1,670,878	\$	\$ 20,426,694
Water System	9,047,960	154,394		9,202,354
Wastewater System	6,312,121	385,626		6,697,747
Drainage System	7,409,536		440,434	6,969,102
Total Capital Assets Subject to Depreciation	\$ 41,525,433	\$ 2,210,898	\$ 440,434	\$ 43,295,897
Accumulated Depreciation				
Roads	\$ 904,769	\$ 445,178	\$	\$ 1,349,947
Water System	802,859	182,787		985,646
Wastewater System	301,725	118,818		420,543
Drainage System	398,299	109,165		507,464
Total Accumulated Depreciation	\$ 2,407,652	\$ 855,948	\$ - 0 -	\$ 3,263,600
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 39,117,781	\$ 1,354,950	\$ 440,434	\$ 40,032,297
Total Capital Assets, Net of Accumulated Depreciation	\$ 39,303,644	\$ 2,939,550	\$ 2,210,897	\$ 40,032,297

NOTE 7. MAINTENANCE TAX

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax at an unlimited rate on all taxable property within the District. The maintenance tax is to be used by the General Fund to pay, among other things, expenditures related to operating and administering the District, including the costs of operating and maintaining the District's waterworks and wastewater systems.

During the year ended April 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.21 per \$100 of assessed valuation, which resulted in a tax levy of \$441,029 on the adjusted taxable valuation of \$210,013,751 for the 2024 tax year.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 8. UNREIMBURSED COSTS

The District has executed financing agreements with certain Owners of property within the District. These agreements call for these Owners to fund costs associated with the construction of utilities and road infrastructure. The District plans to issue bonds to reimburse such costs. Current year changes in unreimbursed costs are summarized in the following table:

Unreimbursed Costs at Beginning of Year	\$ 21,135,241
Plus: Current Year Additions	3,681,545
Less: Current Year Reimbursements	<u>(4,551,873)</u>
Unreimbursed Costs at End of Year	<u><u>\$ 20,264,913</u></u>

NOTE 9. 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 and required bonds. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. DEVELOPMENT AGREEMENT

On November 14, 2005, the District entered into a Development Agreement (the “Agreement”) with the City of Grand Prairie, Texas (“Grand Prairie”), PRA Prairie Ridge, L.P. (the “Owner”) and Johnson County Fresh Water Supply District No. 2 (“JCFWSD 2”). Pursuant to the Agreement, Grand Prairie has agreed to provide wholesale treated water and wastewater treatment services to the District and JCFWSD 2 in accordance with terms of separate wholesale agreements (see Note 11 and 12). The District has obtained Water Certificate of Convenience and Necessity (“CCN”) No. 13107 and Sewer CCN No. 20993 which authorizes it to serve the land located within its boundaries with, respectively, retail water and wastewater services. The Owner is responsible for funding the infrastructure necessary to serve the residents of the respective districts. Grand Prairie will not annex any portion of the land within the districts until the earlier of 10 years from the date of the Agreement or the date the Owner has been reimbursed for all eligible road and utility improvements. The Owner invoked its right under Article III of the Agreement to extend this annexation moratorium for an additional 10 years.

On March 20, 2012, the District executed an amendment to the Agreement (“First Amendment”), which modified certain regulations for development within the District.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. DEVELOPMENT AGREEMENT (Continued)

Effective December 13, 2022, the Agreement was amended by an Amendment Number Two (the “Second Amendment”). The Second Amendment adds additional parties as “Owner” (all affiliates of the original Owner) and addresses Grand Prairie consent to the addition of certain land to the District. The Second Amendment also provides for immunity from full-purpose annexation of the District by Grand Prairie until such time as Owner is fully reimbursed by the District for infrastructure costs. It addresses future full-purpose annexation of the District by Grand Prairie and the provision of certain municipal services after such annexation. The Second Amendment also requires the District and Grand Prairie to enter into a Strategic Partnership Agreement, as more fully discussed in Note 14.

Effective January 23, 2024, the Agreement was amended by an Amendment Number Three (the “Third Amendment”). The Third Amendment established certain regulations and standards for development with Phases 8 and 9 of the District.

NOTE 11. AGREEMENT FOR PURCHASED WATER

On February 16, 2006, the District entered into an Interlocal Cooperative Treated Water Agreement (the “Agreement”) with the City of Grand Prairie, Texas and Johnson County Fresh Water Supply District No. 2 (the District and JCFWSD 2 hereinafter collectively referred to as the “Districts”). Grand Prairie previously entered into an agreement with the City of Midlothian, Texas (“Midlothian”) whereby Grand Prairie purchases additional water supply from Midlothian for the purposes of supplying water to the Districts. The rate charged to the Districts for treated water will be 120% of the wholesale rate charged to Grand Prairie by Midlothian. The Agreement terminates January 1, 2035, and can be renewed with the agreement of all parties.

NOTE 12. AGREEMENT FOR WASTEWATER TREATMENT

On February 16, 2006, the District entered into an Interlocal Cooperative Wastewater Service Agreement (the “Agreement”) with the City of Grand Prairie, Texas and Johnson County Fresh Water Supply District No. 2 (the District and JCFWSD 2 hereinafter collectively referred to as the “Districts”). The Agreement provides the Districts the unrestricted right to deliver to Grand Prairie a minimum of 1,260,000 gallons per day of wastewater or an amount otherwise sufficient to serve 4,000 ESFCs.

The rate charged to the Districts for wastewater service will be 120% of the wholesale rate charged to Grand Prairie by the Trinity River Authority for service by the Mountain Creek Regional Wastewater System. The Agreement terminates January 1, 2035, and can be renewed with the agreement of all parties.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 13. BOND SALE

On or about December 19, 2024, the District closed on the sale of its \$4,760,000 Series 2024 Unlimited Tax Utility Bonds. Bond proceeds were used to reimburse Developers for improvements, related engineering and land costs serving Prairie Ridge Phases 1 and 2A, 2B, 2C and 4, Prairie Ridge water meter vault, and operating costs. Bond proceeds were also used to pay for bond issuance costs, developer interest, and capitalized interest.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

The District and Grand Prairie have entered into a Strategic Partnership Agreement (the “SPA”) as required under Amendment Number Two to the Development Agreement (see Note 10). The SPA provides for the limited-purpose annexation by Grand Prairie of land within the District and the imposition and collection of a sales tax within the District and full-purpose annexation at a later date. Under the SPA, Grand Prairie may not annex the District for full purposes until at least 90 percent of the land in the District has been developed with road and utility infrastructure and the District has issued bonds to reimburse the developer of such infrastructure for its costs.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2025

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original Budget	Amended and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 461,286	\$ 435,712	\$ 447,696	\$ 11,984
Water Service	599,942	599,942	590,361	(9,581)
Wastewater Service	983,615	983,615	665,642	(317,973)
Permit Fees and Other Service Revenues	207,996	207,996	396,823	188,827
Investment and Miscellaneous Revenues	63,534	63,534	15,632	(47,902)
TOTAL REVENUES	<u>\$ 2,316,373</u>	<u>\$ 2,290,799</u>	<u>\$ 2,116,154</u>	<u>\$ (174,645)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 275,600	\$ 275,600	\$ 329,208	\$ (53,608)
Contracted Services	204,665	204,665	227,886	(23,221)
Purchased Water Service	417,661	417,661	529,230	(111,569)
Purchased Sewer Service	882,043	882,043	658,895	223,148
Repairs and Maintenance	274,968	274,968	987,002	(712,034)
Other	153,609	153,609	48,326	105,283
TOTAL EXPENDITURES	<u>\$ 2,208,546</u>	<u>\$ 2,208,546</u>	<u>\$ 2,780,547</u>	<u>\$ (572,001)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 107,827</u>	<u>\$ 82,253</u>	<u>\$ (664,393)</u>	<u>\$ (746,646)</u>
OTHER FINANCING SOURCES				
Developer Advances	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 818,499</u>	<u>\$ 818,499</u>
NET CHANGE IN FUND BALANCE	\$ 107,827	\$ 82,253	\$ 154,106	\$ 71,853
FUND BALANCE - MAY 1, 2024	<u>283,769</u>	<u>283,769</u>	<u>283,769</u>	<u></u>
FUND BALANCE - APRIL 30, 2025	<u>\$ 391,596</u>	<u>\$ 366,022</u>	<u>\$ 437,875</u>	<u>\$ 71,853</u>

See accompanying independent auditor's report

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2025

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The following rates are based on the rate order dated December 18, 2024, and effective January 1, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 29.00	-0-	N	\$ 4.75 \$ 5.75 \$ 6.75	-0- to 10,000 10,001 to 20,000 20,001 and over
WASTEWATER:	\$ 16.22	-0-	N	\$ 10.68	Per 1,000 gallons
SURCHARGE:					
Commission	0.5% of actual water and sewer bill				
Regulatory Assessments					

District employs winter averaging for wastewater usage?	<u> </u>	<u> X </u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$76.50 Wastewater: \$123.02 Surcharge: \$1.00

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ¾"	<u>733</u>	<u>730</u>	x 1.0	<u>730</u>
1"			x 2.5	
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>12</u>	<u>12</u>	x 8.0	<u>96</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>746</u></u>	<u><u>743</u></u>		<u><u>831</u></u>
Total Wastewater Connections	<u><u>733</u></u>	<u><u>730</u></u>	x 1.0	<u><u>730</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Water Accountability Ratio 80.2%
(Gallons billed/Gallons purchased)

Gallons billed to customers: 82,780,000

Gallons purchased: 103,272,000 From: City of Grand Prairie

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Ellis County, Texas

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Grand Prairie, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2025

PROFESSIONAL FEES:

Auditing and Related Services	\$ 17,500
Engineering	119,489
Legal	<u>192,219</u>

TOTAL PROFESSIONAL FEES	<u>\$ 329,208</u>
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PURCHASED SERVICES FOR RESALE:

Purchased Water Service	\$ 529,230
Purchased Sewer Service	<u>658,895</u>

TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,188,125</u>
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CONTRACTED SERVICES:

Solid Waste Disposal	\$ 91,875
Bookkeeping	30,013
Operations and Billing	<u>105,998</u>

TOTAL CONTRACTED SERVICES	<u>\$ 227,886</u>
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REPAIRS, MAINTENANCE, SLUDGE HAUL	<u>\$ 987,002</u>
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ADMINISTRATIVE EXPENDITURES:

Communications and Website	\$ 19,615
Director Fees, Including Payroll Taxes	10,706
Insurance	3,069
Travel and Meetings	7,398
Regulatory Assessments	5,975
Office and Other	<u>1,563</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 48,326</u>
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TOTAL EXPENDITURES	<u>\$ 2,780,547</u>
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See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
INVESTMENTS
APRIL 30, 2025

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX9002	Varies	Daily	\$ 683,163	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX9001	Varies	Daily	\$ 2,380,829	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX9003	Varies	Daily	\$ 256,848	\$ - 0 -
TOTAL - ALL FUNDS				\$ 3,320,840	\$ - 0 -

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2025

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
MAY 1, 2024	\$	16,180	\$	15,767
Adjustments to Beginning				
Balance		<u>(2,719)</u>		<u>(5,278)</u>
	\$	13,461	\$	10,489
Original 2024 Tax Levy	\$	444,604	\$	1,672,558
Adjustment to 2024 Tax Levy		<u>(3,575)</u>		<u>(13,450)</u>
		441,029		1,659,108
TOTAL TO BE				
ACCOUNTED FOR		\$ 454,490		\$ 1,669,597
TAX COLLECTIONS:				
Prior Years	\$	13,424	\$	10,415
Current Year		<u>434,272</u>		<u>1,633,691</u>
		447,696		1,644,106
TAXES RECEIVABLE -				
APRIL 30, 2025		<u>\$ 6,794</u>		<u>\$ 25,491</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	6,757	\$	25,417
2023		<u>37</u>		<u>74</u>
TOTAL	\$	<u>6,794</u>	\$	<u>25,491</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 77,090,177	\$ 46,332,989	\$ 28,222,832	\$ 14,186,868
Improvements	154,585,381	131,979,461	81,322,710	12,471,360
Personal Property	215,606	169,191	30,898	
Exemptions	<u>(21,877,413)</u>	<u>(5,973,307)</u>	<u>(7,780,853)</u>	<u>(3,366,163)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 210,013,751</u>	<u>\$ 172,508,334</u>	<u>\$ 101,795,587</u>	<u>\$ 23,292,065</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.79	\$ 0.66	\$ 0.53	\$ 0.00
Maintenance	<u>0.21</u>	<u>0.34</u>	<u>0.47</u>	<u>1.00</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 2,100,137</u>	<u>\$ 1,725,084</u>	<u>\$ 1,017,956</u>	<u>\$ 232,921</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.47 %</u>	<u>99.99 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Unlimited maintenance tax approved by voters on November 2, 2004.

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

S E R I E S - 2 0 2 1 R O A D				
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 175,000	\$ 140,677	\$	315,677
2027	180,000	137,570		317,570
2028	185,000	134,192		319,192
2029	190,000	130,535		320,535
2030	200,000	126,635		326,635
2031	205,000	122,482		327,482
2032	210,000	118,020		328,020
2033	215,000	113,238		328,238
2034	220,000	108,125		328,125
2035	225,000	102,785		327,785
2036	230,000	97,210		327,210
2037	240,000	91,335		331,335
2038	245,000	85,150		330,150
2039	250,000	78,715		328,715
2040	260,000	71,955		331,955
2041	265,000	64,868		329,868
2042	275,000	57,440		332,440
2043	280,000	49,670		329,670
2044	290,000	41,400		331,400
2045	295,000	32,625		327,625
2046	305,000	23,625		328,625
2047	315,000	14,325		329,325
2048	320,000	4,800		324,800
2049				
2050				
	<u>\$ 5,575,000</u>	<u>\$ 1,947,377</u>	<u>\$</u>	<u>7,522,377</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

S E R I E S - 2 0 2 3 U T I L I T Y

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 160,000	\$ 296,275	\$ 456,275
2027	170,000	286,788	456,788
2028	180,000	276,725	456,725
2029	185,000	266,231	451,231
2030	195,000	255,306	450,306
2031	205,000	243,806	448,806
2032	215,000	234,419	449,419
2033	230,000	227,188	457,188
2034	240,000	219,400	459,400
2035	250,000	210,975	460,975
2036	265,000	201,300	466,300
2037	275,000	190,500	465,500
2038	290,000	179,200	469,200
2039	305,000	167,300	472,300
2040	320,000	154,800	474,800
2041	335,000	141,700	476,700
2042	355,000	127,900	482,900
2043	370,000	113,400	483,400
2044	390,000	98,200	488,200
2045	410,000	82,200	492,200
2046	430,000	65,400	495,400
2047	450,000	47,800	497,800
2048	475,000	29,300	504,300
2049	495,000	9,900	504,900
2050			
	\$ 7,195,000	\$ 4,126,013	\$ 11,321,013

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

S E R I E S - 2 0 2 3 R O A D				
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 140,000	\$ 250,775	\$	390,775
2027	145,000	241,513		386,513
2028	150,000	231,925		381,925
2029	155,000	222,012		377,012
2030	155,000	211,937		366,937
2031	160,000	201,700		361,700
2032	165,000	191,138		356,138
2033	170,000	180,250		350,250
2034	175,000	170,350		345,350
2035	185,000	161,350		346,350
2036	190,000	152,925		342,925
2037	195,000	145,225		340,225
2038	205,000	137,225		342,225
2039	215,000	128,825		343,825
2040	220,000	120,125		340,125
2041	230,000	111,125		341,125
2042	235,000	101,825		336,825
2043	250,000	92,125		342,125
2044	255,000	81,706		336,706
2045	270,000	70,550		340,550
2046	280,000	58,863		338,863
2047	290,000	46,750		336,750
2048	305,000	34,106		339,106
2049	650,000	13,812		663,812
2050				
	<u>\$ 5,390,000</u>	<u>\$ 3,358,137</u>	<u>\$</u>	<u>8,748,137</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

S E R I E S - 2 0 2 3 A R O A D				
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 235,000	\$ 586,756	\$	821,756
2027	245,000	568,756		813,756
2028	255,000	550,006		805,006
2029	270,000	530,319		800,319
2030	280,000	509,694		789,694
2031	295,000	488,131		783,131
2032	310,000	465,444		775,444
2033	320,000	444,619		764,619
2034	340,000	426,069		766,069
2035	355,000	407,844		762,844
2036	370,000	389,719		759,719
2037	390,000	370,719		760,719
2038	405,000	350,844		755,844
2039	425,000	330,094		755,094
2040	445,000	308,344		753,344
2041	465,000	285,303		750,303
2042	490,000	260,831		750,831
2043	515,000	235,078		750,078
2044	535,000	208,172		743,172
2045	565,000	179,631		744,631
2046	590,000	149,312		739,312
2047	615,000	118,065		733,065
2048	645,000	85,778		730,778
2049	675,000	52,375		727,375
2050	710,000	17,750		727,750
	<u>\$ 10,745,000</u>	<u>\$ 8,319,653</u>	<u>\$</u>	<u>19,064,653</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

S E R I E S - 2 0 2 4 U T I L I T Y			
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$	\$ 215,406	\$ 215,406
2027	115,000	211,669	326,669
2028	120,000	204,031	324,031
2029	135,000	195,744	330,744
2030	145,000	186,644	331,644
2031	155,000	176,894	331,894
2032	165,000	166,494	331,494
2033	170,000	157,625	327,625
2034	175,000	150,509	325,509
2035	180,000	143,188	323,188
2036	185,000	135,659	320,659
2037	190,000	127,925	317,925
2038	195,000	119,984	314,984
2039	200,000	111,838	311,838
2040	205,000	103,356	308,356
2041	210,000	94,669	304,669
2042	215,000	85,903	300,903
2043	225,000	76,828	301,828
2044	230,000	67,444	297,444
2045	235,000	57,853	292,853
2046	240,000	48,056	288,056
2047	245,000	38,053	283,053
2048	250,000	28,000	278,000
2049	260,000	17,800	277,800
2050	315,000	6,300	321,300
	<u>\$ 4,760,000</u>	<u>\$ 2,927,872</u>	<u>\$ 7,687,872</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 710,000	\$ 1,489,889	\$ 2,199,889
2027	855,000	1,446,296	2,301,296
2028	890,000	1,396,879	2,286,879
2029	935,000	1,344,841	2,279,841
2030	975,000	1,290,216	2,265,216
2031	1,020,000	1,233,013	2,253,013
2032	1,065,000	1,175,515	2,240,515
2033	1,105,000	1,122,920	2,227,920
2034	1,150,000	1,074,453	2,224,453
2035	1,195,000	1,026,142	2,221,142
2036	1,240,000	976,813	2,216,813
2037	1,290,000	925,704	2,215,704
2038	1,340,000	872,403	2,212,403
2039	1,395,000	816,772	2,211,772
2040	1,450,000	758,580	2,208,580
2041	1,505,000	697,665	2,202,665
2042	1,570,000	633,899	2,203,899
2043	1,640,000	567,101	2,207,101
2044	1,700,000	496,922	2,196,922
2045	1,775,000	422,859	2,197,859
2046	1,845,000	345,256	2,190,256
2047	1,915,000	264,993	2,179,993
2048	1,995,000	181,984	2,176,984
2049	2,080,000	93,887	2,173,887
2050	1,025,000	24,050	1,049,050
	<u>\$ 33,665,000</u>	<u>\$ 20,679,052</u>	<u>\$ 54,344,052</u>

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2025

Description	Original Bonds Issued	Bonds Outstanding May 1, 2024
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2021	\$ 5,750,000	\$ 5,750,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Utility Bonds - Series 2023	7,350,000	7,350,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2023	5,525,000	5,525,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2023A	10,745,000	10,745,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Utility Bonds - Series 2024	<u>4,760,000</u>	<u> </u>
TOTAL	<u>\$ 34,130,000</u>	<u>\$ 29,370,000</u>

Bond Authority:	<u>Utility Bonds</u>	<u>Road Bonds</u>	<u>Utility Refunding</u>	<u>Road Refunding</u>
Amount Authorized by Voters	\$ 119,345,000	\$ 191,030,000	\$ 21,130,000	\$ 39,350,000
Amount Issued	<u>(12,110,000)</u>	<u>(22,020,000)</u>	<u> </u>	<u> </u>
Remaining to be Issued	<u>\$ 107,235,000</u>	<u>\$ 169,010,000</u>	<u>\$ 21,130,000</u>	<u>\$ 39,350,000</u>

Debt Service Fund cash and investment balance as of April 30, 2025: \$ 2,380,973

Average annual debt service payments (principal and interest) for
remaining term of all debt: \$ 2,173,762

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions					Paying Agent
Bonds Sold	Retirements		Bonds Outstanding April 30, 2025		
	Principal	Interest			
\$	\$ 175,000	\$ 143,565	\$ 5,575,000	BOKF Dallas, TX	
	155,000	305,331	7,195,000	BOKF Dallas, TX	
	135,000	259,713	5,390,000	BOKF Dallas, TX	
		595,569	10,745,000	BOKF Dallas, TX	
4,760,000		43,081	4,760,000	BOKF Dallas, TX	
\$ 4,760,000	\$ 465,000	\$ 1,347,259	\$ 33,665,000		

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 447,696	\$ 592,351	\$ 480,004
Water Service	590,361	546,218	402,201
Wastewater Service	665,642	480,818	270,642
Permit Fees and Other Service Revenues	396,823	224,689	121,000
Investment and Miscellaneous Revenues	<u>15,632</u>	<u>16,510</u>	<u>26,503</u>
TOTAL REVENUES	<u>\$ 2,116,154</u>	<u>\$ 1,860,586</u>	<u>\$ 1,300,350</u>
EXPENDITURES			
Professional Fees	\$ 329,208	\$ 304,102	\$ 283,882
Contracted Services	227,886	182,020	120,613
Purchased Water Service	529,230	394,458	298,021
Purchased Sewer Service	658,895	597,039	359,929
Repairs and Maintenance	987,002	503,258	317,824
Other	<u>48,326</u>	<u>28,875</u>	<u>45,402</u>
TOTAL EXPENDITURES	<u>\$ 2,780,547</u>	<u>\$ 2,009,752</u>	<u>\$ 1,425,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (664,393)</u>	<u>\$ (149,166)</u>	<u>\$ (125,321)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$ 31,984
Developer Advances	<u>818,499</u>	<u>34,742</u>	<u>452,834</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 818,499</u>	<u>\$ 34,742</u>	<u>\$ 484,818</u>
NET CHANGE IN FUND BALANCE	\$ 154,106	\$ (114,424)	\$ 359,497
BEGINNING FUND BALANCE (DEFICIT)	<u>283,769</u>	<u>398,193</u>	<u>38,696</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 437,875</u>	<u>\$ 283,769</u>	<u>\$ 398,193</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2022	2021	2025	2024	2023	2022	2021	
\$ 235,713	\$ 10,832	21.1 %	31.8 %	37.0 %	27.4 %	9.3 %	
236,291	60,120	27.9	29.4	30.9	27.2	52.3	
176,877	41,019	31.5	25.8	20.8	20.5	35.7	
190,043		18.8	12.1	9.3	22.0		
25,099	3,056	0.7	0.9	2.0	2.9	2.7	
<u>\$ 864,023</u>	<u>\$ 115,027</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 248,718	\$ 143,122	15.6 %	16.3 %	21.8 %	28.8 %	124.4 %	
106,183	33,028	10.8	9.8	9.3	12.3	28.7	
224,088	52,021	25.0	21.2	22.9	25.9	45.2	
292,137	60,705	31.1	32.1	27.7	33.8	52.8	
167,868	131,723	46.6	27.0	24.4	19.4	114.5	
28,781	18,117	2.3	1.6	3.5	3.3	15.8	
<u>\$ 1,067,775</u>	<u>\$ 438,716</u>	<u>131.4 %</u>	<u>108.0 %</u>	<u>109.6 %</u>	<u>123.5 %</u>	<u>381.4 %</u>	
<u>\$ (203,752)</u>	<u>\$ (323,689)</u>	<u>(31.4) %</u>	<u>(8.0) %</u>	<u>(9.6) %</u>	<u>(23.5) %</u>	<u>(281.4) %</u>	
\$ 248,763	\$ 315,491						
<u>\$ 248,763</u>	<u>\$ 315,491</u>						
\$ 45,011	\$ (8,198)						
<u>(6,315)</u>	<u>1,883</u>						
<u>\$ 38,696</u>	<u>\$ (6,315)</u>						

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 1,644,106	\$ 1,128,237	\$ 534,260
Investment and Miscellaneous Revenues	<u>82,935</u>	<u>62,962</u>	<u>5,626</u>
TOTAL REVENUES	<u>\$ 1,727,041</u>	<u>\$ 1,191,199</u>	<u>\$ 539,886</u>
EXPENDITURES			
Debt Service Principal	\$ 465,000	\$	\$
Debt Service Interest and Fees	<u>1,369,727</u>	<u>857,618</u>	<u>153,349</u>
TOTAL EXPENDITURES	<u>\$ 1,834,727</u>	<u>\$ 857,618</u>	<u>\$ 153,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (107,686)</u>	<u>\$ 333,581</u>	<u>\$ 386,537</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 378,370	\$	\$
Proceeds from Issuance of Long-Term Debt	<u>215,406</u>	<u>446,677</u>	<u>573,887</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 593,776</u>	<u>\$ 446,677</u>	<u>\$ 573,887</u>
NET CHANGE IN FUND BALANCE	\$ 486,090	\$ 780,258	\$ 960,424
BEGINNING FUND BALANCE	<u>1,894,568</u>	<u>1,114,310</u>	<u>153,886</u>
ENDING FUND BALANCE	<u>\$ 2,380,658</u>	<u>\$ 1,894,568</u>	<u>\$ 1,114,310</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>743</u>	<u>533</u>	<u>423</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>730</u>	<u>522</u>	<u>413</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$		95.2 %	94.7 %		%	%
62		4.8	5.3	100.0		
\$ 62	N/A	100.0 %	100.0 %	100.0 %	N/A %	N/A %
\$		26.9 %	%	%	%	%
63,624		79.3	72.0	28.4		
\$ 63,624	N/A	106.2 %	N/A %	28.4 %	N/A %	N/A %
\$ (63,562)	N/A	(6.2) %	28.0 %	71.6 %	N/A %	N/A %
\$						
217,448						
\$ 217,448	N/A					
\$ 153,886	N/A					
\$ 153,886	N/A					
336	169					
325	162					

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2025

District Mailing Address - Ellis County Fresh Water Supply District No. 1
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

District Telephone Number - (713) 860-6400

Directors	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>April 30, 2025</u>	Expense Reimbursements for the year ended <u>April 30, 2025</u>	<u>Title</u>
Douglas Wilder	05/24 05/28 (Elected)	\$ 2,210	\$ 279	President
Andrew Henk	05/22 05/26 (Elected)	\$ 2,210	\$ 570	Vice President
Jann Okerlund (Resigned 4/29/25)	02/23 05/26 (Appointed)	\$ 1,547	\$ 94	Secretary/ Treasurer
Kevin Youngblood	05/24 05/28 (Elected)	\$ 2,431	\$ 43	Assistant Secretary
Jason Shipley	07/24 05/28 (Appointed)	\$ 1,547	\$ 408	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

The most recent submission date of the District Registration Form was on April 10, 2025.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on February 2, 2006. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2025

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	01/01/23	\$ 179,853	General Counsel
Winstead PC	08/26/20	\$ 129,760	Bond Counsel
McCall Gibson Swedlund Barfoot	04/28/21	\$ 17,500	Auditor
Ellis PLLC		\$ 17,500	Bond Related
Dye & Toverly, LLC	02/26/08	\$ 30,036	Bookkeeper
Westwood Professional Services	06/30/23	\$ 123,286	Engineer
Robert W. Baird & Co. Incorporated	11/11/20	\$ 100,760	Financial Advisor
Inframark, LLC	01/01/19	\$ 964,579	Operator

See accompanying independent auditor's report.