

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
(Williamson County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: SEPTEMBER 23, 2025**

**\$8,300,000
UNLIMITED TAX ROAD BONDS
SERIES 2025**

**BIDS FOR THE BONDS TO BE SUBMITTED BY: 10:00 A.M., CENTRAL TIME
MONDAY, OCTOBER 20, 2025
BONDS TO BE AWARDED: 12:00 P.M., CENTRAL TIME
MONDAY, OCTOBER 20, 2025**



Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2025

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

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE “TAX MATTERS” HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book Entry Only

NON-RATED

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located within Williamson County)

**\$8,300,000
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 \$8,300,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”), are obligations of South Fork Ranch Municipal Utility District (the “District”) and are not obligations of the State of Texas (“Texas”); Williamson County, Texas (the “County”); the City of Hutto, Texas (the “City”); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”). Interest accrues from the initial date of delivery (on or about November 19, 2025) (the “Date of Delivery”), and is payable March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of stated maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners (“Registered Owners”) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the “Record Date”). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See “THE BONDS – Book-Entry-Only System.”

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS” on inside cover.

The Bonds are the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road facilities to serve the District. When issued, the Bonds will constitute valid and legally binding obligations of the District and will be payable from the proceeds of a continuing direct ad valorem tax, without legal limit as to rate or amount, levied annually by the District against all taxable property located within the District. See “THE BONDS – Source of Payment.”

Investment in the Bonds is subject to certain risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled “RISK FACTORS,” before making an investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the “Initial Purchaser”), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 19, 2025.

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

\$8,300,000

UNLIMITED TAX ROAD BONDS, SERIES 2025

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number (b) | Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number (b) |
|---------------------------|---------------------|------------------|------------------------------------|---------------------|---------------------------|---------------------|------------------|------------------------------------|---------------------|
| 2027 | \$ 185,000 | | % | % | 2039 | \$ 335,000 (c) | | % | % |
| 2028 | 195,000 | | | | 2040 | 350,000 (c) | | | |
| 2029 | 205,000 | | | | 2041 | 370,000 (c) | | | |
| 2030 | 215,000 | | | | 2042 | 390,000 (c) | | | |
| 2031 | 225,000 (c) | | | | 2043 | 405,000 (c) | | | |
| 2032 | 240,000 (c) | | | | 2044 | 425,000 (c) | | | |
| 2033 | 250,000 (c) | | | | 2045 | 450,000 (c) | | | |
| 2034 | 265,000 (c) | | | | 2046 | 470,000 (c) | | | |
| 2035 | 275,000 (c) | | | | 2047 | 495,000 (c) | | | |
| 2036 | 290,000 (c) | | | | 2048 | 520,000 (c) | | | |
| 2037 | 305,000 (c) | | | | 2049 | 545,000 (c) | | | |
| 2038 | 320,000 (c) | | | | 2050 | 575,000 (c) | | | |

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents 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 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 owners of the Bonds.
- (c) The Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption and payment prior to maturity at the option of the District, in whole or from time to time in part on September 1, 2030, or on any date thereafter, at the par value 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 Exchange Commission ("Rule 15c2-12"), 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 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 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.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel, for further information.

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

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.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT – Updating of 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 for purposes of, and as that term is defined in, Rule 15c2-12, as amended, of the United States Securities and Exchange Commission ("SEC").

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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 effective interest rate to the District, which was tendered by _____ (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of _____% of the par value thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

Subject to certain restrictions described in the Official Notice of Sale for the Bonds, 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. Subject to certain restrictions described in the Official Notice of Sale for the Bonds, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other 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.

MUNICIPAL BOND INSURANCE

The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. If qualified and the Initial Purchaser elects to purchase municipal bond insurance, the payment of all costs associated with the insurance, including the premium charged by the insurance company, and fees charged by rating companies, will be the option and expense of the Initial Purchaser.

RATINGS

The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade 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 summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

| | |
|-----------------------------|---|
| The District..... | South Fork Ranch Municipal Utility District (the "District"), a political subdivision of the State of Texas ("Texas"), is located in Williamson County, Texas (the "County"). See "THE DISTRICT." |
| The Bonds..... | The District is issuing \$8,300,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds"). The Bonds are dated November 1, 2025, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (expected to be on or about November 19, 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..... | The Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds." |
| Book-Entry-Only System..... | The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System." |
| Source of Payment | The Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limit as to rate or amount, levied annually by the District against all taxable property located within the District. The Bonds are obligations of the District and are not obligations of Texas; the County; the City of Hutto, Texas (the "City"); or any entity other than the District. See "THE BONDS – Source of Payment." |
| Payment Record..... | The Bonds constitute the District's first issuance of bonded indebtedness. |
| Authority for Issuance..... | The Bonds are the first series of bonds issued by the District out of an aggregate \$130,593,750 principal amount of unlimited tax bonds authorized by the voters of the District for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District and for the purpose of refunding such bonds. The Bonds are |

issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Bonds (the “Bond Resolution”); Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 8345, Texas Special District Local Laws Code; the general laws of Texas relating to the issuance of bonds by political subdivisions of Texas; and an election held within the boundaries of the District on May 4, 2024. See “THE BONDS - Authority for Issuance and “- Issuance of Additional Debt.”

| | |
|--|--|
| Use of Bond Proceeds | Proceeds of the Bonds will be used as set out herein under “THE BONDS – Use and Distribution of Bond Proceeds.” Additionally, a portion of the proceeds will be used to pay eighteen (18) months of capitalized interest, developer interest and certain costs associated with the issuance of the Bonds. |
| Qualified Tax-Exempt Obligations | The Bonds will be designated as “Qualified Tax-Exempt Obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.” |
| Municipal Bond Insurance | The District has made applications to provide municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and the payment of all costs associated with the insurance, including the premium charged by the insurance company and fees charged by rating companies, will be at the option and expense of the Initial Purchaser. See “MUNICIPAL BOND INSURANCE.” |
| Ratings | The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating on the Bonds. See “RATINGS.” |
| Legal Opinion | Allen Boone Humphries Robinson LLP, Austin, Texas. See “LEGAL MATTERS.” |
| Financial Advisor | Robert W. Baird & Co. Incorporated, Houston, Texas. |
| Disclosure Counsel | McCall, Parkhurst & Horton L.L.P., Austin, Texas. |

THE DISTRICT

| | |
|------------------|---|
| Description..... | The District is a political subdivision of Texas located approximately 3.5 miles northeast of the City’s downtown. The District consists of approximately 484 acres and lies entirely within the extraterritorial jurisdiction of the City. The District was created pursuant to House Bill No. 4803, 81st Session of the Texas Legislature, Regular Session, effective June 19, 2009 (the “Act”), codified as Chapter 8345 of the Texas Special District Local Laws Code. The District has all the rights, privileges, authority, and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including, without limitation, those conferred by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to oversight by the Texas Commission on Environmental Quality (the “TCEQ”) under the provisions of the Texas Water Code. See “THE DISTRICT.” |
|------------------|---|

Development within the District.....To date, approximately 147 acres within the District have been developed as the residential subdivisions of Flora, Phase 1A, Sections 1 through 4 (408 lots). As of September 23, 2025, the District included approximately 140 completed homes (all occupied); 66 homes under construction; and approximately 202 vacant developed lots. The remaining land within the District includes approximately 337 undeveloped but developable acres. See “THE DEVELOPER/PRINCIPAL LANDOWNER,” “DEVELOPMENT OF THE DISTRICT,” and “THE DISTRICT.”

Developer/Principal Landowner Hutto 525 Development Partners LP (“Hutto 525” or the “Developer”), a Delaware limited partnership, whose general partner is Hutto 525 GP Texas LLC, a Delaware limited liability company, is the developer of approximately 484 acres in the District being developed as Flora, on which it has completed development of 408 single-family lots on approximately 147 acres. Hutto 525 currently owns the remaining approximately 337 undeveloped but developable acres. See “DEVELOPER/PRINCIPAL LANDOWNER.”

Homebuilders within the District.....Homebuilders who are active in the District include Perry Homes, Tri Pointe Homes, Meritage, Brightland Homes, Westin Homes, Empire Homes, and Highland Homes. Homes being constructed in the District range in price from approximately \$360,000 to \$635,000. See “DEVELOPMENT OF THE DISTRICT – Homebuilders within the District.”

RISK FACTORS

THE BONDS ARE 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.

SELECTED FINANCIAL INFORMATION (UNAUDITED)

| | |
|---|-------------------|
| 2025 Taxable Assessed Valuation..... | \$ 57,846,020 (a) |
| Estimated Taxable Assessed Valuation as of August 1, 2025 | \$ 95,650,000 (b) |
| Direct Debt: | |
| The Bonds | \$ 8,300,000 |
| Total..... | \$ 8,300,000 |
| Estimated Overlapping Debt..... | \$ 5,397,491 (c) |
| Total Direct and Estimated Overlapping Debt | \$ 13,697,491 (c) |
| Direct Debt Ratios: | |
| As a percentage of the 2025 Taxable Assessed Valuation | 14.35 % |
| As a percentage of the Estimated Taxable Assessed Valuation as of August 1, 2025... | 8.68 % |
| Direct and Estimated Overlapping Debt Ratios: | |
| As a percentage of the 2025 Taxable Assessed Valuation | 23.68 % |
| As a percentage of the Estimated Taxable Assessed Valuation as of August 1, 2025... | 14.32 % |
| Road System Debt Service Fund (as of Date of Delivery)..... | \$ 684,750 (d) |
| General Operating Fund Balance (as of September 15, 2025)..... | \$ 82,899 (e) |

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- (a) Represents the taxable amount of assessed valuation of taxable properties in the District as of January 1, 2025, which is composed of \$55,529,917 of certified value and \$2,316,103 of uncertified value, as provided by the Williamson Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of August 1, 2025, and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District from January 1, 2025 through August 1, 2025. No taxes will be levied on this estimated value. Increases in value occurring between January 1, 2025 and January 1, 2026, will be certified as of January 1, 2026, and be provided by the Appraisal District for purposes of setting the District's ad valorem tax rate in the fall of 2026. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Represent Eighteen (18) months of capitalized interest at an estimated 5.50%, which will be deposited into the District's Road System Debt Service Fund (herein defined) on the Date of Delivery. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Monies in the Road System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System (defined herein) or for parks and recreational facilities.
- (e) See "RISK FACTORS – Operating Funds."

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| | | |
|---|-------------|-----|
| 2025 Tax Rate per \$100 of Taxable Assessed Valuation | | |
| Road System Debt Service | \$0.00 | |
| Utility System Debt Service | 0.00 | |
| Maintenance and Operation..... | <u>1.20</u> | |
| Total..... | \$1.20 | |
| Estimated Average Annual Debt Service Requirement (2027-2050)..... | \$601,573 | (a) |
| Estimated Maximum Annual Debt Service Requirement (2034) | \$604,250 | (a) |
| Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay | | |
| Estimated Average Annual Debt Service Requirement at 95% Tax Collection (2027-2050) | | |
| Based on the 2025 Taxable Assessed Valuation | \$1.10 | |
| Based on the August 1, 2025 Estimated Assessed Valuation | \$0.67 | |
| Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay | | |
| Estimated Maximum Annual Debt Service Requirement at 95% Tax Collection (2034) | | |
| Based on the 2025 Taxable Assessed Valuation | \$1.10 | |
| Based on the August 1, 2025 Estimated Assessed Valuation | \$0.67 | |
| Single-Family Homes (including 66 homes under construction) | 206 | (b) |
| Estimated District Population | 490 | (c) |

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- (a) Represents the estimated debt service requirements on the Bonds assuming an interest rate of 5.00% on the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."
- (b) Approximately 140 homes are occupied.
- (c) Estimate based upon 3.5 residents per occupied single-family home.

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SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located within Williamson County)

\$8,300,000

UNLIMITED TAX ROAD BONDS

SERIES 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by South Fork Ranch Municipal Utility District (the "District") of its \$8,300,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds").

The Bonds are issued by the District pursuant to Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; general laws of the State of Texas relating to the issuance of bonds by political subdivision of the State of Texas; Chapter 8345, Texas Special District Local Laws Code; a resolution adopted by the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds (the "Bond Resolution"); and an election held within the boundaries of the District on May 4, 2024.

This Official Statement includes descriptions of the Bonds, the Developer (herein defined), the Bond Resolution, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701, upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of Texas, Williamson County, Texas (the "County"), the City of Hutto, Texas (the "City"), or any political subdivision other than the District, will be secured by the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied annually by the District against all taxable property located within the District. Therefore, 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 representations 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. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry in the Austin metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer, 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 their 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 DEVELOPER/PRINCIPAL LANDOWNER,” and “TAX DATA – Principal Taxpayers.”

Dependence on Principal Taxpayers: The ability of any principal landowner 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,” as of January 1, 2025, the District’s principal taxpayers owned property located within the District the aggregate assessed taxable valuation of which comprised approximately 84.63% of the District’s total assessed taxable valuation. The Developer owns approximately 11.33% of the District’s assessed taxable valuation as of January 1, 2025. See “THE DEVELOPER/PRINCIPAL LANDOWNER” and “TAX DATA – Principal Taxpayers.”

In the event that the Developer, any other principal 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 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 Resolution to maintain any specified amount of surplus in the Road System Debt Service Fund (as defined herein). 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 is \$57,846,020, and the Estimated Taxable Assessed Valuation as of August 1, 2025, is \$95,650,000. See “TAX DATA.”

After issuance of the Bonds, the District’s estimated maximum annual debt service requirement on the Bonds will be \$604,250 (2034), and the estimated average annual debt service requirement on the Bonds will be \$601,573 (2027-2050). Assuming no decrease to the District’s 2025 Taxable Assessed Valuation, tax rates of \$1.10 and \$1.10 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 Estimated Taxable Assessed Valuation as of August 1, 2025, tax rates of \$0.67 and \$0.67 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 rate of \$1.20 per \$100 of taxable assessed valuation entirely attributable to maintenance and operations. The District intends to levy a debt service tax rate beginning in 2026 for payment of debt service on the bonds issued for the Road System (as defined herein).

Undeveloped Acreage and Vacant Developed Lots

There are 202 vacant developed single-family lots and approximately 337 undeveloped but developable acres of land within the District that have not been fully provided with road, water, sewer and storm drainage and detention facilities necessary for the construction of taxable improvements. The District makes no representation as to when or if development of this acreage will occur or if the homebuilding program will be successful. See “DEVELOPMENT OF THE DISTRICT.”

Competitive Nature of Austin Residential Housing Market

The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to the City of Austin, Texas that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

The competitive position of the Developer or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer and/or homebuilder will be implemented or, if implemented, will be successful.

Operating Funds

The District's sources of revenue to pay its operating expenses include advances from the Developer and maintenance and operations tax proceeds. The District levied a 2025 maintenance and operations tax at the rate of \$1.20 per \$100 of assessed valuation. The District's General Fund or Operating Fund balance at September 15, 2025, was \$82,899. Maintaining a positive general Operating Fund balance will depend upon (1) continued development, (2) maintenance and operations tax revenues, and (3) advances from the Developer. In the event that funds are not made available by the Developer, the District may be required to levy a maintenance and operations tax at a rate sufficient to fund its operating expenses. Such an increase to the tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "THE UTILITY SYSTEM – General Fund Operating Statement."

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 (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) 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 Federal 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 and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (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

The Bonds are the first series of bonds issued by the District out of an aggregate \$130,593,750 principal amount of unlimited tax bonds authorized by the voters of the District for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") and for the purpose of refunding such bonds. Following the issuance of the Bonds, \$122,293,750 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and refunding will remain authorized but unissued.

In addition, voters of the District authorized the issuance of an aggregate \$443,125,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "Utility System") and for the purpose of refunding such bonds; and an aggregate \$52,812,500 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities and for the purpose of refunding of such bonds. To date, the District has not issued any bonds from such voted authorizations. Following the issuance of the Bonds, all such amounts authorized for the Utility System and park and recreational facilities will remain authorized but unissued. The District may also issue additional bonds as may hereafter be approved by both the Board and voters of the District. See "THE BONDS – Issuance of Additional Debt."

Issuance of the aggregate \$443,125,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and the aggregate \$52,812,500 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities will be subject to prior approval by the Texas Commission on Environmental Quality (the "TCEQ"). The principal amount of park and recreational facilities bonds that may be issued by the District cannot exceed one percent of the District's taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. The District's issuance of the remaining aggregate \$122,293,750 principal amount of unlimited tax bonds for the Road System is not subject to approval by the TCEQ.

Following reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately \$12,979,571 for expenditures to construct the Utility System, Road System, and park and recreational facilities. 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.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes 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."

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 TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") 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 Austin Area. It is possible that additional controls will be necessary to allow the Austin Area to maintain attainment with the ozone standards. Such additional controls could have a negative impact on the Austin 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: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the Austin 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.

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ’s Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

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.

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.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee, or reservoir.

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou, or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee, or reservoir also may result in flooding in areas adjacent to rivers, bayous, or drainage systems downstream.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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.

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.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on 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 District which is recovered by the District 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 bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absence 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 money 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 "RATINGS" herein.

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 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" and "RATINGS" 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 some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution.

The Bonds are dated November 1, 2025, and will accrue interest from the initial date of delivery (expected to be on or about November 19, 2025) (the “Date of Delivery”), with interest payable on March 1, 2026, and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of stated maturity or prior redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the Registered Owners of the Bonds at stated maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the “Record Date”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), 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 and the Financial Advisor (as defined herein) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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 3.6 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.

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).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/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, 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, principal and interest 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 Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement, it should be understood that while the Bonds are in the book-entry 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 Resolution will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution 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 Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

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 corporate trust 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 Registered Owner. 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 maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner 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 be of the same series, 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 thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

The Bonds maturing on September 1, 2031, 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 September 1, 2030, 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.

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 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.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is 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 Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Annexation

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

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, 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 annexation occur. Pursuant to a development agreement between the City and the Developer, the City agreed not to annex the District until (i) at least ninety percent (90%) of the District's water, wastewater, drainage, park and recreation and road facilities to serve the land have been constructed and (ii) (a) the Developer, and its successors and assigns, have been fully reimbursed by the District to the maximum extent permitted by the rules of the TCEQ or other applicable law, or (b) the City has agreed to assume the obligations of the District for such reimbursement.

Consolidation

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) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Authority for Issuance

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution; Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 8345, Texas Special District Local Laws Code; the general laws of Texas relating to the issuance of bonds by political subdivisions of Texas; and an election held within the boundaries of the District on May 4, 2024.

The Bonds are the first series of bonds issued by the District out of an aggregate \$130,593,750 principal amount of unlimited tax bonds authorized by the voters of the District for the purpose of acquiring or constructing the Road System and for the purpose of refunding such bonds. Following the issuance of the Bonds, \$122,293,750 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and refunding will remain authorized but unissued.

In addition, voters of the District authorized the issuance of an aggregate \$443,125,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the purpose of refunding such bonds; and an aggregate \$52,812,500 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities and for the purpose of refunding of such bonds. To date, the District has not issued any bonds from such voted authorizations.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limit as to rate or amount, levied annually by the District against all taxable property located within the District.

In the Bond Resolution, 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 Williamson Central Appraisal District (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 issued for the Road System, any additional bonds payable from taxes which may be issued for the Road System, and fees of the Paying Agent/Registrar. The Bonds are obligations solely of the District and are not the obligations of Texas; the County; the City; or any entity other than the District.

Funds

The Bond Resolution establishes the District's fund for debt service on the Bonds issued for the Road System, and any additional unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System or for the purpose of refunding such bonds (the "Road System Debt Service Fund"). On the Date of Delivery, eighteen (18) months of capitalized interest will be deposited into such fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds issued for the Road System, 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 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 and any additional bonds issued 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 or for park and recreational facilities.

Issuance of Additional Debt

The District's voters have authorized the issuance of an aggregate \$130,593,750 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the purpose of refunding such bonds; an aggregate \$443,125,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the purpose of refunding such bonds; and an aggregate \$52,812,500 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities and for the purpose of refunding of such bonds.

The Bonds are the first series of unlimited tax bonds issued by the District for the Road System. Following the issuance of the Bonds, an aggregate \$122,293,750 principal amount of unlimited tax bonds for the Road System and refunding will remain authorized but unissued; all amounts authorized for the Utility System and refunding will remain authorized but unissued; and all amounts authorized for park and recreational facilities will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds that may be issued by the District if authorized by the District's voters, and in the case of bonds issued for the Utility System or park and recreational facilities, approved by the TCEQ. The District's issuance of the Bonds and any additional bonds for the Road System is not subject to TCEQ approval.

Following reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately \$12,979,571 for expenditures incurred in constructing the Utility System, Road System, and park and recreational facilities in 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 is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of

the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Defeasance

The Bond Resolution 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 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, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, 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

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Road System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

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Use and Distribution of Bond Proceeds

A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer for expenditures related to the construction of the Road System as shown below. Additionally, proceeds of the Bonds will be used to pay for developer interest, eighteen (18) months of capitalized interest on the Bonds, and other costs associated with the issuance of the Bonds. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

I. CONSTRUCTION COSTS

| | |
|---------------------------------------|---------------------|
| Flora Phase 1A, Sections 1 & 2..... | \$ 5,518,260 |
| Engineering/Permitting & Testing..... | 827,016 |
| Total Construction Costs..... | \$ 6,345,276 |

II. NON-CONSTRUCTION COSTS

| | |
|---|---------------------|
| Legal Fees..... | \$ 206,000 |
| Fiscal Agent Fees..... | 166,000 |
| Capitalized Interest (18-months at an estimated 5.50%)..... | 684,750 |
| Developer Interest (Estimated)..... | 567,119 |
| Bond Discount (Estimated 3.00%)..... | 249,000 |
| Bond Issuance Expenses..... | 50,255 |
| Bond Engineering Fee..... | 23,300 |
| Attorney General Fee..... | 8,300 |
| Total Non-Construction Costs..... | \$ 1,954,724 |

TOTAL BOND ISSUE REQUIREMENT..... \$ 8,300,000

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THE DISTRICT

Authority

The District is a political subdivision of Texas operating as a municipal utility district pursuant to Article XVI Section 59 of the Texas Constitution. The District was created pursuant to House Bill No. 4803, 81st Session of the Texas Legislature, Regular Session effective June 19, 2009 (the “Act”), codified as Chapter 8345 of the Texas Special District Local Laws Code. The District has all the rights, privileges, authority, and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including, without limitation, those conferred by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, the Act, and Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to oversight by the TCEQ under the provisions of the Texas Water Code.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is further empowered to construct roads as well as improvements in and thereof. The District may issue bonds or other forms of indebtedness to purchase or construct the foregoing facilities.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

The District currently comprises approximately 484 acres. The District is located wholly within the extraterritorial jurisdiction of the City in Williamson County, Texas and lies approximately 30 miles northeast of the central business district of the City of Austin, Texas. Access to the District is from an entrance off County Road 160 and two entrances off County Road 133. See “AERIAL PHOTOGRAPH.”

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

| <u>Name</u> | <u>Position</u> | <u>Term</u> |
|------------------|--|-------------|
| Eduardo Mendoza | President | May 2028 |
| Nicholas Leschke | Vice President | May 2026 |
| Taylor Kolmodin | Secretary | May 2026 |
| Sean Waeiss | Assistant Secretary | May 2028 |
| John Maberry | Assistant Vice President/ Assistant Secretary | May 2028 |

Investment Policy

The District has adopted an Investment Policy (the “Investment Policy”) as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Act”). The District’s goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest

rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest, Inc. (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is Bott & Douthitt, PLLC.

Auditor: The audited financial statements of the District for the fiscal year ended September 30, 2024, attached as "APPENDIX A" to this Official Statement, have been audited by McCall Gibson Swedlund Barefoot Ellis PLLC, independent auditors. The District did not request McCall Gibson Swedlund Barefoot Ellis PLLC, to perform any updating procedures subsequent to the date of its audit opinion on the September 30, 2024 financial statements. The District has engaged McCall Gibson Swedlund Barefoot Ellis PLLC to audit its fiscal year ended September 30, 2025 financial statements.

Utility System Operator: The District's wastewater treatment system is operated by Inframark, LLC (the "Operator").

Engineer: The District's engineer is Jones-Heroy & Associates, Inc. (the "Engineer").

Bond and General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Austin, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Austin, Texas, serves as disclosure counsel ("Disclosure Counsel") to the District in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. 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.

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DEVELOPMENT OF THE DISTRICT

To date, approximately 147 acres within the District have been developed as the residential subdivisions of Flora, Phase 1A, Sections 1 through 4 (408 lots). As of September 23, 2025, the District included approximately 140 completed homes (all occupied); 66 homes under construction; and approximately 202 vacant developed lots. The remaining land within the District includes approximately 337 undeveloped but developable acres.

Status of Development within the District

The following shows the status of construction of single-family housing within the District as of September 23, 2025:

| Section | Acres | Lots | Completed | Homes | Vacant |
|-------------------------------|--------------|------------|-----------|--------------|------------|
| | | | Occupied | Under | |
| | | | Homes | Construction | Lots |
| Flora Phase 1A Sections 1 & 2 | 97.08 | 158 | 88 | 40 | 30 |
| Flora Phase 1A Sections 3 & 4 | <u>49.82</u> | <u>250</u> | <u>52</u> | <u>26</u> | <u>172</u> |
| Total Developed | 146.89 | 408 | 140 | 66 | 202 |
| Developable Acreage | 337.49 | | | | |
| Total | 484.38 | | | | |

Homebuilders within the District

Homebuilders who are active in the District include Perry Homes, Tri Pointe Homes, Meritage, Brightland Homes, Westin Homes, Empire Homes, and Highland Homes. New homes being constructed in the District range in price from approximately \$360,000 to \$635,000. See "THE DEVELOPER/PRINCIPAL LANDOWNER – The Developer."

THE DEVELOPER/PRINCIPAL LANDOWNER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds 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.

Neither the Developer, nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, 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

the Developer or affiliate 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 Developer

Hutto 525 Development Partners LP ("Hutto 525" or the "Developer"), a Delaware limited partnership, whose general partner is Hutto 525 GP Texas LLC, a Delaware limited liability company, is the developer of approximately 484 acres in the District being developed as Flora, on which it has completed development of 408 single-family lots on approximately 147 acres. Hutto 525 currently owns the remaining approximately 337 undeveloped but developable acres.

Hutto 525 is a thinly capitalized limited partnership whose assets consist primarily of the land in the District and the receivables due from the District for development costs. Hutto 525 is a single purpose entity formed for the purpose of developing the land it owns in the District. The Developer has entered into a management agreement with Precedent Land Company, a division of EHT of Texas LP, a Delaware limited partnership ("Precedent"), for the purpose of managing the day-to-day development activities within the District. Precedent and the Developer are under common ownership and control.

The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.

Development Financing

The development financing is provided through a corporate-level parent company, and neither Hutto 525 nor Precedent is a signatory on the loan, although the loan is partially secured by the land and the lots in the district.

THE UTILITY SYSTEM

According to the Engineer, the water, wastewater, and drainage facilities serving land within the District 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, as applicable, the TCEQ, Jonah Water Special Utility District ("Jonah") and the County. According to the Engineer, all such completed facilities have been approved by all required governmental agencies.

Operation of the water supply facilities serving the District is provided by Jonah. The water supply and sewer treatment facilities are 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 is located entirely within the water certificate of convenience and necessity ("CCN") of Jonah, which grants Jonah exclusive authority to provide retail water service to land within the District. Pursuant to a Non-Standard Service Agreement between the Developer and Jonah dated February 23, 2023 (the "Water Agreement"), Jonah serves as the retail water provider to users within the boundaries of the District. Under the terms and conditions of the Water Agreement, Jonah is obligated to provide retail water service for up to 3,000 living unit equivalents ("LUEs") to serve the land within the District and certain land outside the boundaries of the District. The Water Agreement sets forth the terms and conditions pursuant to which Jonah will provide retail water service to users within the District, including, among others, that (i) Developer or the District will design and construct, or cause to be designed and constructed, at Developer's expense, certain water facilities determined necessary by Jonah to provide development within the District retail water service; and (ii) the Developer will pay certain costs, charges, and fees to Jonah, including a capital charge of \$5,000 per LUE of retail water service. Pursuant to the Water Agreement, all water facilities are conveyed to Jonah for ownership and operation. Therefore, the District does not own or operate water supply or distribution facilities and receives no payments from customers for such services. The term of the Water Agreement is ten (10) years; however, Jonah's obligation to serve as the retail water supplier to customers located within the District survives termination of the Water Agreement.

Wastewater Treatment

Wastewater treatment service is provided by the District and wastewater is collected through an organized wastewater collection system. All wastewater facilities constructed by or on behalf of the District, to serve the District, including a wastewater treatment plant, are located within the District and are owned, operated and maintained by the District.

The District has entered into a lease agreement with AUC Group, LLC, for a 220,000 gallons per day (gpd) wastewater treatment plant, which is capable of serving 827 equivalent single family connections (“ESFCs”). As of September 23, 2025, the District was serving 206 active connections (including 140 completed homes and 66 homes under construction). The District anticipates future expansions to the wastewater treatment plant in order to accommodate the District’s ultimate capacity requirements and future expansions to facilities will occur as needed.

Storm Drainage

Storm water will be collected in curb and gutter streets and flow to underground culverts. From the underground storm water collection system, it will be collected in detention ponds before being discharged into South Fork Mustang Creek and Mustang Creek, tributaries of Brushy Creek.

100 Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance.

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

According to the Engineer, there is no acreage within the District that is inside the 100-year flood plain. The applicable FEMA map number is 48491C0510F dated December 20, 2019.

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General Fund Operating Statement

The following statement sets forth in condensed form the results of the District's general operating fund. The summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statement for the fiscal year ended September 30, 2024 and from the District's bookkeeper for the period ended August 31, 2025. See "RISK FACTORS – Operating Funds." Reference is made to such statement for further and more complete information. See "APPENDIX A."

| | 10/1/2024 to 8/31/2025 (a) | Fiscal Year Ended September 30, 2024 |
|--|-------------------------------|---|
| Revenues | (Unaudited) | |
| Water Service | \$ - | \$ - |
| Sewer Service | 119,618 | - |
| Property Taxes | 11,393 | - |
| Investment Earnings | 1,422 | - |
| Total | <u>\$ 132,433</u> | <u>\$ -</u> |
| Expenditures | | |
| Operations Fees | \$ 13,718 | \$ 3,000 |
| Inspection Fees | 14,905 | - |
| Sludge Disposal | 133,022 | - |
| Chemicals/Lab Fee | 4,078 | - |
| Lease Expense | 438,130 | - |
| Utilities | 11,611 | - |
| Garbage | 5,663 | - |
| Repairs/Maintenance | 79,651 | 5,622 |
| Director fees | 11,419 | 9,959 |
| Insurance | 20,336 | 3,069 |
| Tax/Appraisal Fees | 1,000 | - |
| Election Expenditures | - | 1,376 |
| Legal fees | 192,353 | 294,224 |
| Accounting fees | 20,925 | 10,242 |
| Audit fees | 39,000 | - |
| Engineering fees | 54,055 | 75,084 |
| Other consulting fees | 3,850 | 1,347 |
| Other | 2,214 | 1,017 |
| Total | <u>\$ 1,045,930</u> | <u>\$ 404,940</u> |
| NET REVENUES (Deficit) | <u>\$ (913,497)</u> | <u>\$ (404,940)</u> |
| Other Financing Sources (Uses): | | |
| Developer advances | \$ 738,470 | \$ 355,000 |
| Participants True Up | | - |
| Beginning fund balance | \$ 20,323 | \$ 70,263 |
| Ending fund balance | <u>\$ (154,704) (b)</u> | <u>\$ 20,323</u> |

(a) Unaudited, provided by the District's bookkeeper.

(b) The balance represented above is due to the accounting of the District in arrears. See "RISK FACTORS – Operating Funds."

THE ROAD SYSTEM

The roads within the District vary in width in accordance with standards adopted by the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.


The road infrastructure serving the District consists of collector roads and an internal street network. Access to the District's collector roads and internal streets is provided by County Road 133 and Flora Boulevard. All roads constructed by the District are designed and constructed in accordance with Williamson County standards, rules and regulations. The District is responsible for repair and maintenance of roads within the District. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable). A portion of the proceeds of the Bonds will be used to reimburse the Developer for financing the construction of roadways. See "USE AND DISTRIBUTION OF BOND PROCEEDS"

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AERIAL PHOTOGRAPH
(September, 2025)



Legend

 MUD Boundary

South Fork Ranch MUD
Aerial Map

Project Name:
SFR MUD
Vicinity Map
Project Number:
JHA 0369-002
Date:
August 2025



0 500 1,000
Feet

JONES - HEROY & ASSOCIATES, INC.

13915 N. Mopac Expy
Suite 200
Austin, Texas 78728



Office: (612) 888-2200
Fax: (612) 888-2213
TBPE Reg. Firm F-008520

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(September, 2025)



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest debt service requirements on the Bonds, assuming an interest rate of 5.00%. Totals may not sum due to rounding.

| Year Ending 12/31 | Principal | Interest | Total Debt Service |
|----------------------|---------------------|---------------------|-----------------------|
| 2026 | \$ - | \$ 325,083 | \$ 325,083 |
| 2027 | 185,000 | 415,000 | 600,000 |
| 2028 | 195,000 | 405,750 | 600,750 |
| 2029 | 205,000 | 396,000 | 601,000 |
| 2030 | 215,000 | 385,750 | 600,750 |
| 2031 | 225,000 | 375,000 | 600,000 |
| 2032 | 240,000 | 363,750 | 603,750 |
| 2033 | 250,000 | 351,750 | 601,750 |
| 2034 | 265,000 | 339,250 | 604,250 |
| 2035 | 275,000 | 326,000 | 601,000 |
| 2036 | 290,000 | 312,250 | 602,250 |
| 2037 | 305,000 | 297,750 | 602,750 |
| 2038 | 320,000 | 282,500 | 602,500 |
| 2039 | 335,000 | 266,500 | 601,500 |
| 2040 | 350,000 | 249,750 | 599,750 |
| 2041 | 370,000 | 232,250 | 602,250 |
| 2042 | 390,000 | 213,750 | 603,750 |
| 2043 | 405,000 | 194,250 | 599,250 |
| 2044 | 425,000 | 174,000 | 599,000 |
| 2045 | 450,000 | 152,750 | 602,750 |
| 2046 | 470,000 | 130,250 | 600,250 |
| 2047 | 495,000 | 106,750 | 601,750 |
| 2048 | 520,000 | 82,000 | 602,000 |
| 2049 | 545,000 | 56,000 | 601,000 |
| 2050 | 575,000 | 28,750 | 603,750 |
| | <u>\$ 8,300,000</u> | <u>\$ 6,462,833</u> | <u>\$ 14,762,833</u> |

Estimated Average Annual Debt Service Requirement (2027-2050)..... \$601,573

Estimated Maximum Annual Debt Service Requirement (2034) \$604,250

Bonded Indebtedness

| | |
|---|-------------------|
| 2025 Taxable Assessed Valuation..... | \$ 57,846,020 (a) |
| Estimated Taxable Assessed Valuation as of August 1, 2025 | \$ 95,650,000 (c) |
| Direct Debt: | |
| The Bonds | \$ 8,300,000 |
| Total..... | \$ 8,300,000 |
| Estimated Overlapping Debt..... | \$ 5,397,491 (c) |
| Total Direct and Estimated Overlapping Debt | \$ 13,697,491 (c) |
| Direct Debt Ratios: | |
| As a percentage of the 2025 Taxable Assessed Valuation | 14.35 % |
| As a percentage of the Estimated Taxable Assessed Valuation as of August 1, 2025... | 8.68 % |
| Direct and Estimated Overlapping Debt Ratios: | |
| As a percentage of the 2025 Taxable Assessed Valuation | 23.68 % |
| As a percentage of the Estimated Taxable Assessed Valuation as of August 1, 2025... | 14.32 % |
| Road System Debt Service Fund (as of Date of Delivery)..... | \$ 684,750 (d) |
| General Operating Fund Balance (as of September 15, 2025)..... | \$ 82,899 (e) |
| 2025 Tax Rate per \$100 of Taxable Assessed Valuation: | |
| Road System Debt Service | \$0.00 |
| Utility System Debt Service | 0.00 |
| Maintenance and Operation..... | <u>1.20</u> |
| Total..... | \$1.20 |

-
- (a) Represents the taxable amount of assessed valuation of taxable properties in the District as of January 1, 2025, which is composed of \$55,529,917 of certified value and \$2,316,103 of uncertified value, as provided by the Williamson Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District from January 1, 2025 as of August 1, 2025, and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District through August 1, 2025. No taxes will be levied on this estimated value. Increases in value occurring between January 1, 2025 and January 1, 2026, will be certified as of January 1, 2026, and be provided by the Appraisal District for purposes of setting the District's ad valorem tax rate in the fall of 2026. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "Direct and Estimated Overlapping Debt Statement" herein.
- (d) Represents eighteen (18) months of capitalized interest at an estimated 5.50%, which will be deposited into the District's Road System Debt Service Fund (herein defined) on the Date of Delivery. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Monies in the Road System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System (defined herein) or for parks and recreational facilities.
- (e) See "RISK FACTORS – Operating Funds."

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Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

| <u>Taxing Jurisdiction</u> | <u>Tax Year</u> | <u>AV</u> | <u>Debt as of 8/31/2025</u> | <u>Overlapping</u> | |
|--|-----------------|-------------------|---------------------------------|--------------------|---------------|
| | | | | <u>Percent</u> | <u>Amount</u> |
| Williamson County | 2025 | \$142,779,786,532 | \$ 1,422,205,000 | 0.04% | \$ 576,194 |
| Hutto Independent School District | 2025 | 9,239,136,990 | 770,055,000 | 0.63% | 4,821,296 |
| Total Estimated Overlapping Debt | | | | | \$ 5,397,491 |
| The District Direct Debt (a) | | | | | \$ 8,300,000 |
| Total Direct Debt and Estimated Overlapping Debt (a) | | | | | \$ 13,697,491 |

(a) Includes the Bonds.

Debt Ratios

Direct Debt Ratios:

| | | |
|---|-------|---|
| As a percentage of the 2025 Taxable Assessed Valuation..... | 14.35 | % |
| As a percentage of the August 1, 2025 Estimated Assessed Valuation..... | 8.68 | % |

Direct and Estimated Overlapping Debt Ratios:

| | | |
|--|-------|---|
| As a percentage of the 2025 Taxable Assessed Valuation..... | 23.68 | % |
| As a percentage of the August 1, 2025 Estimated Assessed Valuation as of | 14.32 | % |

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TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in its Bond Resolution covenanted 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. See "THE BONDS" and "RISK FACTORS." For the 2025 tax year, the District levied a total tax rate of \$1.20 per \$100 of taxable assessed valuation attributable entirely to maintenance and operations. The District is authorized to levy separate debt service taxes, both of which are unlimited as to rate or amount, for payment of debt service on bonds issued for the Utility System and bonds issued for the Road System. The District intends to levy a debt service tax rate beginning in 2026 for payment of debt service on bonds issued for the Road System. See "THE BONDS – Source of Payment."

Tax Rate Limitation

| | |
|------------------------------|--|
| Utility System Debt Service: | Unlimited (no legal limit as to rate or amount). |
| Road System Debt Service: | Unlimited (no legal limit as to rate or amount). |
| Maintenance: | \$1.20 per \$100 taxable assessed valuation. |
| Road Maintenance: | \$0.25 per \$100 taxable assessed valuation. |

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.20 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which have been issued or may be issued in the future. The Board is also authorized by the District's voters to levy a maintenance tax for road improvements in an amount not to exceed \$0.25 per \$100 of assessed valuation. The District has not levied a maintenance tax for roads. See "Tax Rate Distribution" below.

Additional Penalties

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

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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 state and local 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 – Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative, or general revenue purposes.

Set forth below are the 2025 taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

| <u>Taxing Jurisdiction</u> | <u>2025 Tax Rate</u> |
|--|----------------------|
| The District | \$ 1.200000 |
| Williamson County | 0.369447 |
| Hutto Independent School District | 1.205200 |
| Williamson County FM Road District | 0.044329 |
| Lower Brushy Creek WC&ID | 0.016949 |
| East Williamson County Higher Education Center | 0.040871 |
| Williamson County ESD No. 3 | 0.100000 |
| Total Tax Rate | \$ 2.976796 |

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per \$100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds if no growth in the District's tax base occurs beyond the taxable assessed valuation as of January 1, 2025 (\$57,846,020), and the Estimated Taxable Assessed Valuation as of August 1, 2025 (\$95,650,000). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

| | |
|---|-----------|
| Estimated Average Annual Debt Service Requirement (2027-2050)..... | \$601,573 |
| Debt Service Tax Rate of \$1.10 on the 2025 Taxable Assessed Valuation produces | \$604,491 |
| Debt Service Tax Rate of \$0.67 on the Estimated Assessed Valuation as of August 1, 2025, produces | \$608,812 |
| Estimated Maximum Annual Debt Service Requirement (2034) | \$604,250 |
| Debt Service Tax Rate of \$1.10 on the 2025 Taxable Assessed Valuation produces | \$604,491 |
| Debt Service Tax Rate of \$0.67 on the Estimated Assessed Valuation as of August 1, 2025, produces | \$608,812 |

Tax Rate Distribution

| <u>Tax Year</u> | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------|-------------|
| Road Debt Service \$ | - | \$ - |
| Utility Debt Service | - | - |
| Maintenance & Operations | 1.20 | 1.20 |
| Total \$ | 1.20 | \$ 1.20 |

Historical Tax Collections

| <u>Year</u> | <u>Taxable Assessed Valuation</u> | <u>Tax Rate per \$100 (a)</u> | <u>Tax Levy</u> | <u>% of Current Collections</u> | <u>Tax Year Ended 9/30</u> | <u>% Collections as 6/30/2025</u> |
|-------------|---|-----------------------------------|-----------------|-------------------------------------|--------------------------------|---------------------------------------|
| 2024 | \$ 949,442 | \$ 1.20 | \$11,393 | 100.00% | 2025 | 100.00% |
| 2025 | 57,846,020 | 1.20 | 694,152 | (b) | 2026 | (b) |

(a) See "Tax Rate Distribution" herein.

(b) In process of collections. 2025 taxes are due January 31, 2026.

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2024–2025 tax rolls as certified by the Appraisal District.

| Type of Property | 2025 Taxable Assessed Valuation | 2024 Taxable Assessed Valuation |
|-------------------|--|--|
| Land | \$ 42,535,028 | \$ 1,598,147 |
| Improvements | 13,379,980 | 741,668 |
| Personal Property | 666,418 | - |
| Exemptions (a) | (1,051,509) | (1,390,373) |
| Plus: Uncertified | \$ 2,316,103 | \$ - |
| Total | \$ 57,846,020 | \$ 949,442 |

(a) "Exemptions," as categorized above, includes productivity loss from special valuation for agricultural designation, inventory deferments, values assigned to properties that are exempt from taxation (e.g, the elementary school in the District), and state-mandated homestead exemptions such as those for disabled veterans.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the Appraisal District's original certification of the appraisal rolls for the 2025 tax year.

| Taxpayer | Property Type | 2025 Tax Year | % of Tax Roll |
|---------------------------------------|---------------------|------------------|------------------|
| EHT of Texas LP (b) | Land & Improvements | \$ 10,086,841 | 18.46% |
| Perry Homes LLC (b) | Land & Improvements | 6,682,108 | 12.23% |
| Tri Pointe Homes Texas Inc. (b) | Land & Improvements | 6,330,192 | 11.59% |
| Hutto 525 Development Partners LP (a) | Land & Improvements | 6,188,386 | 11.33% |
| Meritage Homes of Texas LLC (b) | Land & Improvements | 5,708,109 | 10.45% |
| Brightland Homes Ltd. (b) | Land & Improvements | 4,148,209 | 7.59% |
| Westin Homes and Properties LP (b) | Land & Improvements | 3,996,532 | 7.31% |
| Highland Homes Austin LLC (b) | Land & Improvements | 2,320,018 | 4.25% |
| Individual | Land & Improvements | 421,745 | 0.77% |
| Individual | Land & Improvements | 358,608 | 0.66% |
| Total | | \$ 46,240,748 | 84.63% |

(a) See "THE DEVELOPER/PRINCIPAL LANDOWNER."

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

TAXING PROCEDURES

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 and any additional bonds payable from taxes that the District may hereafter issue (See "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, 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. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Williamson Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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 the District. The District has not granted such exemption. 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. 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 but not less than \$5,000, if any exemption is granted, 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 "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The City and/or County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City and/or 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, neither the City nor the County has not designated any of the area within the District as a reinvestment zone.

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 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.

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

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

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 can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate 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 Property 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. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. For the 2025 tax year, the Board classified the District as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to 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 the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims

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

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the legal opinion of Bond Counsel, to a like effect, and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "- Book-Entry-Only System," "- Use of Certain Terms in other Sections of this Official Statement," and "- Use and Distribution of Bond Proceeds"), "THE DISTRICT - Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it 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 Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District 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 sale.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense

Additional Federal Income Tax Considerations

Collateral Tax Consequences: Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent 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 certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the

sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues 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 OID 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 Bond.

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States and Securities Exchange Commission (the "SEC") regarding the District's continuing disclosure obligations because the District does not have more than \$10,000,000 in aggregate amount of outstanding bonds (including the Bonds) and no person is committed by contract or other arrangement with respect to payment of the Bonds as required by the exemption. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe 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") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the heading "APPENDIX A" (Audited Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence

of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from EMMA

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The Bonds represent the first series of bonds to be issued by the District; therefore the District has not entered into a continuing disclosure agreement in accordance to the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District’s records, the Engineer, the Tax Assessor/Collector, the 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 financial statements for the year ended September 30, 2024, were audited by McCall Gibson Swedlund Barefoot Ellis PLLC, and have been attached hereto as "APPENDIX A." McCall Gibson Swedlund Barefoot Ellis PLLC has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," "THE UTILITY SYSTEM," and "THE ROAD 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 collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of appraisal.

The information contained in this Official Statement relating to unaudited summary of the District's General Operating Fund contained in the section captioned "THE UTILITY SYSTEM – General Fund Operating Statement" was provided by the Bookkeeper. Such information has been included herein in reliance upon the Bookkeeper's authority as an expert in the field of bookkeeping.

Certification as to Official Statement

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

Updating of Official Statement

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

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 Directors of South Fork Ranch Municipal Utility District as of the date shown on the cover page hereof.

/s/ _____
President, Board of Directors
South Fork Ranch Municipal Utility District

ATTEST:

/s/ _____
Secretary, Board of Directors
South Fork Ranch Municipal Utility District

APPENDIX A
Audited Financial Statements of the District

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

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

**FOR THE YEAR ENDED
SEPTEMBER 30, 2024**

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF WILLIAMSON }


I, Noel W. Barfoot of the
(Name of Duly Authorized District Representative)
South Fork Ranch Municipal Utility District
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 14th day of January, 2025, its annual audit report for the fiscal year ended September 30, 2024 and that copies of the annual audit report have been filed in the district office, located at

919 Congress Avenue, Suite 1500, Austin, Texas 78701
(Address of District)

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

Date: February 12, 2025

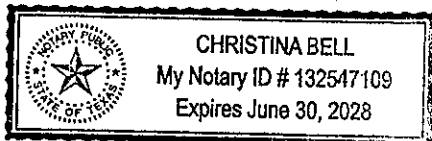
By: 
(Signature of District Representative)

Noel W. Barfoot, Auditor

(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the 12th day of February, 2025.

(Seal)




(Signature of Notary)

My Commission Expires On: June 30, 2028.
Notary Public in the State of Texas.

INDEPENDENT AUDITOR'S REPORT

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Fork Ranch Municipal Utility District
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of South Fork Ranch Municipal Utility District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2024

In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of South Fork Ranch Municipal Utility District (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2024. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the unassigned fund balance was \$20,323, a decrease of \$49,940 from the previous fiscal year. Other financing sources were \$355,000 and expenditures were \$404,940 for the fiscal year ending September 30, 2024.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenditures net of revenues of \$404,940 in the current fiscal year. Net position decreased from a deficit balance of \$159,737 at September 30, 2023 to a deficit balance of \$564,677 at September 30, 2024.

OVERVIEW OF THE DISTRICT

South Fork Ranch Municipal Utility District was created by House Bill 4803, Act of the 81st Legislature Regular Session, and codified at Chapter 8345 of the Special District Local Laws Code. By order of the Texas Commission on Environmental Quality issued January 20, 2023, the District acquired road powers. The District was created under the provisions of Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54 of the Texas Water Code for, among other purposes, financing, constructing, and/or operating water, wastewater, drainage, recreational and road facilities to serve the District.

The District consists of approximately 484.34 acres located within Williamson County. The District is wholly within the extraterritorial jurisdiction of the City of Hutto, Texas.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2024

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* includes a column (titled "Governmental Fund Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

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

The *Required Supplementary Information* presents a comparison statement between the District's adopted budget and its actual results.

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position. Fiscal year ending 2023 balances have not been audited.

Summary Statement of Net Position

| | Governmental Activities | | Change Increase (Decrease) |
|--------------------------|----------------------------|--------------|----------------------------------|
| | 2024 | 2023 | |
| Current and other assets | \$ 86,365 | \$ 226,979 | \$ (140,614) |
| Non-current assets | - | - | - |
| Total Assets | \$ 86,365 | \$ 226,979 | \$ (140,614) |
| Current liabilities | \$ 66,042 | \$ 156,716 | \$ (90,674) |
| Long-term liabilities | 585,000 | 230,000 | 355,000 |
| Total Liabilities | \$ 651,042 | \$ 386,716 | \$ 264,326 |
| Unrestricted | \$ (564,677) | \$ (159,737) | \$ (404,940) |
| Total Net Position | \$ (564,677) | \$ (159,737) | \$ (404,940) |

The District's net position decreased by \$404,940 during the 2024 fiscal year to a deficit balance of \$564,677 as of September 30, 2024 from the previous year's deficit balance of \$159,737.

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses:

The following table reflects the condensed Statement of Activities. Fiscal year ending 2023 balances have not been audited.

| | <u>Summary Statement of Activities</u> | | Change Increase (Decrease) |
|------------------------|--|--------------|----------------------------------|
| | Governmental Activities | | |
| | 2024 | 2023 | |
| Property taxes | \$ - | \$ - | \$ - |
| Interest and other | - | - | - |
| Total Revenues | \$ - | \$ - | \$ - |
| Professional fees | \$ 380,897 | \$ 140,562 | \$ 240,335 |
| Other | 24,043 | 4,402 | 19,641 |
| Total Expenses | \$ 404,940 | \$ 144,964 | \$ 259,976 |
| Change in Net Position | \$ (404,940) | \$ (144,964) | \$ (259,976) |
| Beginning Net Position | (159,737) | (14,773) | (144,964) |
| Ending Net Position | \$ (564,677) | \$ (159,737) | \$ (404,940) |

Expenses for the fiscal year ended September 30, 2024 were \$404,940. Net position decreased \$404,940 during the 2024 fiscal year.

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2024**

ANALYSIS OF GOVERNMENTAL FUND

Governmental Fund by Year

| | 2024 | 2023 |
|--|------------------|-------------------|
| Cash and cash equivalent investments | \$ 6,705 | \$ 226,979 |
| Prepaid expenditures | 79,660 | - |
| Total Assets | <u>\$ 86,365</u> | <u>\$ 226,979</u> |
| Accounts payable | \$ 47,145 | \$ 156,716 |
| Other | 18,897 | - |
| Total Liabilities | <u>\$ 66,042</u> | <u>\$ 156,716</u> |
| Nonspendable | \$ 79,660 | - |
| Unassigned | (59,337) | 70,263 |
| Total Fund Balances | <u>\$ 20,323</u> | <u>\$ 70,263</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 86,365</u> | <u>\$ 226,979</u> |

As of September 30, 2024, the District’s governmental fund reflected a fund balance of \$20,323, a \$49,940 decrease over the previous year.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board adopted the 2024 budget on April 25, 2023. The budget included expenditures of \$171,360 and other financing sources of \$172,000 for the 2024 fiscal year. When comparing actual figures to budgeted amounts, the District had a negative net variance of \$50,580. More detailed information about the District’s budgetary comparison is presented in the *Required Supplementary Information*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for the 2024 tax year (2024 fiscal year) is approximately \$1 million. The fiscal year 2025 tax rate (2024 tax year) is \$1.20 on each \$100 of taxable value. All property tax collected during fiscal year 2025 will fund general operating expenses.

The adopted budget for fiscal year 2025 projects no change in the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Allen Boone Humphries Robinson LLP, 919 Congress Ave., Suite 1500, Austin, TX 78701.

FINANCIAL STATEMENTS

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2024

| | General Fund | Adjustments Note 2 | Government - Wide Statement of Net Position |
|---|-------------------------|-------------------------------|--|
| <u>ASSETS</u> | | | |
| Cash | \$ 6,705 | \$ - | \$ 6,705 |
| Prepaid costs | 79,660 | - | 79,660 |
| TOTAL ASSETS | \$ 86,365 | - | 86,365 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 47,145 | - | 47,145 |
| Accrued expenditures | 18,897 | - | 18,897 |
| Long-term liabilities - Due to developer | - | 585,000 | 585,000 |
| TOTAL LIABILITIES | 66,042 | 585,000 | 651,042 |
| <u>FUND BALANCE / NET POSITION</u> | | | |
| Fund balances: | | | |
| Nonspendable | 79,660 | (79,660) | - |
| Unassigned | (59,337) | 59,337 | - |
| TOTAL FUND BALANCE | 20,323 | (20,323) | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 86,365 | | |
| Net position: | | | |
| Unrestricted | | (564,677) | (564,677) |
| TOTAL NET POSITION | | \$ (564,677) | \$ (564,677) |

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2024

| | General Fund | Adjustments Note 2 | Government - Wide Statement of Activities |
|---|-------------------------|-------------------------------|--|
| <u>EXPENDITURES / EXPENSES:</u> | | | |
| Operations fees | \$ 3,000 | \$ - | \$ 3,000 |
| Repairs/maintenance | 5,622 | - | 5,622 |
| Director fees, including payroll taxes | 9,959 | - | 9,959 |
| Insurance | 3,069 | - | 3,069 |
| Election expenditures | 1,376 | - | 1,376 |
| Legal fees | 294,224 | - | 294,224 |
| Accounting fees | 10,242 | - | 10,242 |
| Engineering fees | 75,084 | - | 75,084 |
| Other consulting fees | 1,347 | - | 1,347 |
| Other | 1,017 | - | 1,017 |
| TOTAL EXPENDITURES / EXPENSES | 404,940 | - | 404,940 |
| Excess (Deficiency) of revenues over (under) expenditures/expenses | (404,940) | - | (404,940) |
| <u>OTHER FINANCING SOURCES:</u> | | | |
| Developer advances | 355,000 | (355,000) | - |
| TOTAL OTHER FINANCING SOURCES, NET | 355,000 | (355,000) | - |
| NET CHANGE IN FUND BALANCE | (49,940) | 49,940 | - |
| CHANGE IN NET POSITION | | (404,940) | (404,940) |
| <u>FUND BALANCE / NET POSITION:</u> | | | |
| Beginning of the year | 70,263 | (230,000) | (159,737) |
| End of the year | <u>\$ 20,323</u> | <u>\$ (585,000)</u> | <u>\$ (564,677)</u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of South Fork Ranch Municipal Utility District (the “District”) relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. GAAP for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (“GASB”), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - South Fork Ranch Municipal Utility District was created by House Bill 4803, Act of the 81st Legislature Regular Session, and codified at Chapter 8345 of the Special District Local Laws Code. By order of the Texas Commission on Environmental Quality issued January 20, 2023, the District acquired road powers. The District was created under the provisions of Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54 of the Texas Water Code for, among other purposes, financing, constructing, and/or operating water, wastewater, drainage, recreational and road facilities to serve the District. The District consists of approximately 484.34 acres located within Williamson County. The District is wholly within the extraterritorial jurisdiction of the City of Hutto, Texas.

The reporting entity of the District encompasses those activities and functions over which the District’s officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”), all of which have been elected or deemed elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB standards since the majority of Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District’s reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted intangible assets and capital assets, net of accumulated amortization and 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.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Presentation - Government-wide and Fund Financial Statements (continued) -

- **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.

The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation and amortization expense on the District's capital and intangible assets, including infrastructure.

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

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

Governmental Fund Types - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Non-current Governmental Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred inflows of resources on its balance sheet. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for deferred inflows is removed from the balance sheet and revenue is recognized.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - An unappropriated budget was adopted on April 25, 2023, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions - The District has not established a pension plan because the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be “employees” for federal payroll tax purposes.

Cash - Includes cash on hand.

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

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

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

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

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. RECONCILIATION OF THE GOVERNMENTAL FUND

Adjustments to convert the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

| | |
|---|----------------------------|
| Fund Balance - Total Governmental Fund | \$ 20,323 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| Due to developer | <u>(585,000)</u> |
| Net Position - Governmental Activities | <u><u>\$ (564,677)</u></u> |

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

| | |
|--|----------------------------|
| Changes in Fund Balance - Governmental Fund | \$ (49,940) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental fund report: | |
| Receipt of developer advance | <u>(355,000)</u> |
| Change in Net Position - Governmental Activities | <u><u>\$ (404,940)</u></u> |

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

3. CASH

As of September 30, 2024, the carrying amount of the District's cash was \$6,705 and the bank balance was \$7,455. The bank balance was covered by federal depository insurance.

4. BONDED DEBT

Bonds authorized but not issued as of September 30, 2024, are as follows:

| <u>Type</u> | <u>Amount</u> |
|----------------------------------|----------------|
| Unlimited Tax Bonds | \$ 443,125,000 |
| Road Bonds | \$ 130,593,750 |
| Park and Recreational Facilities | \$ 52,812,500 |

The District has not issued any debt as of September 30, 2024.

5. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District (the "Developer") has incurred costs for the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future bond issues or from other lawfully available funds, subject to approval by the Texas Commission on Environmental Quality, as applicable. On May 4, 2024, a bond election held within the District approved authorization to issue \$443,125,000 of bonds to fund costs of water, wastewater and drainage system facilities to serve the District and the refunding of such bonds. Additionally, \$52,812,500 of bonds to fund costs for parks and recreational facilities and the refunding of such bonds; and \$130,593,750 of bonds to fund road improvements and the refunding of such bonds were approved by voters of the District at the May 4, 2024 bond election. As of September 30, 2024, the District has not issued any bonds to reimburse the Developer. The District owes the Developer \$585,000 for advances used to fund operating expenditures as of September 30, 2024, in addition to costs incurred for construction of facilities which the District has agreed to reimburse the Developer.

6. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

7. WATER SUPPLY AGREEMENT

Jonah Water Special Utility District (“Jonah SUD”) holds a certificate of convenience and necessity that grants it authority over the provision of water supply service to land in the District. Jonah SUD will be the provider of retail water service to users within the District. Pursuant to a Non-Standard Service Agreement between the developer and Jonah SUD effective February 23, 2023, Jonah SUD will provide retail water service sufficient to serve the ultimate development within the District, subject to the terms and conditions set forth in the Non-Standard Service Agreement. The Non-Standard Service Agreement sets forth, among others, the terms and conditions pursuant to which Jonah SUD shall provide retail water service to its customers within the District and the developer will (i) pay certain costs for facilities necessary for Jonah SUD to provide customers within the District with retail water service, (ii) cause to be designed and constructed, at its cost and expense, certain water facilities determined necessary by Jonah SUD to provide retail water service to customers within the District, and (iii) pay certain costs, charges and fees to Jonah SUD, including a capital charge of \$5,000 per LUE of water service. Water facilities constructed to enable Jonah SUD to provide retail water service to users within the District will be conveyed to Jonah SUD for ownership, operation, and maintenance.

8. WASTEWATER TREATMENT PLANT LEASE

On December 14, 2023, the District entered into an Amended and Restated Equipment Lease Agreement to lease a 220,000 gallons per day (gpd) capacity wastewater treatment plant from AUC Group, LLC. Monthly lease payments of \$39,830 per month began October 1, 2024, upon completion of the installation and setup, and continues for a term of 60 months.

9. ECONOMIC DEPENDENCY

The District’s developer owns the majority of the taxable property in the District. The District’s ability to meet its obligations is dependent on the developer’s ability to pay future property taxes.

10. FUND DEFICIT

The District has a deficit in net position of \$564,677 as of September 30, 2024. The deficit represents cumulative expenditures that exceeded revenues due to the District being in the early stages of development. Currently, the developer is funding operations.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024**

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|--|---|
| EXPENDITURES: | | | |
| Operations fees | \$ 3,000 | \$ - | \$ (3,000) |
| Repairs/maintenance | 5,622 | - | (5,622) |
| Director fees, including payroll taxes | 9,959 | 3,260 | (6,699) |
| Insurance | 3,069 | 3,000 | (69) |
| Election expenditures | 1,376 | - | (1,376) |
| Legal fees | 294,224 | 120,000 | (174,224) |
| Accounting fees | 10,242 | 7,000 | (3,242) |
| Engineering fees | 75,084 | 36,000 | (39,084) |
| Other consulting fees | 1,347 | - | (1,347) |
| Other | 1,017 | 2,100 | 1,083 |
| TOTAL EXPENDITURES | <u>404,940</u> | <u>171,360</u> | <u>(233,580)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (404,940)</u> | <u>\$ (171,360)</u> | <u>\$ (233,580)</u> |
| OTHER FINANCING SOURCES - | | | |
| Developer advances | <u>\$ 355,000</u> | <u>\$ 172,000</u> | <u>\$ 183,000</u> |
| TOTAL OTHER FINANCING SOURCES | <u>\$ 355,000</u> | <u>\$ 172,000</u> | <u>\$ 183,000</u> |
| NET CHANGE IN FUND BALANCE | (49,940) | <u><u>\$ 640</u></u> | <u><u>\$ (50,580)</u></u> |
| FUND BALANCE: | | | |
| Beginning of the year | <u>70,263</u> | | |
| End of the year | <u><u>\$ 20,323</u></u> | | |

TEXAS SUPPLEMENTARY INFORMATION

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2024

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate per 1000 Gallons Over Minimum | Usage Levels |
|-------------|-------------------|------------------|------------------|--|-----------------|
| WATER: | (1) | (1) | (1) | (1) | (1) |
| WASTEWATER: | \$ 105.00 | - | Yes | - | - |
| SURCHARGE: | (1) | (1) | (1) | (1) | (1) |

District employs winter averaging for wastewater usage? Yes ☐ No ☒

Total charges per 10,000 gallons usage: Water (1) Wastewater \$ 105.00

b. Water and Wastewater Retail Connections:

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

(1) The District will receive retail water service from Jonah Water Special Utility District. The District will be the provider of the retail wastewater service to customers within the District. No retail wastewater service was provided in fiscal year 2024.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (continued)
SEPTEMBER 30, 2024

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: _____ (1)

Gallons billed to customers: _____ (1)

Water Accountability Ratio

(Gallons billed / Gallons Pumped)

N/A

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

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

If yes, Date of the most recent Commission Order: _____

5. Location of District

County(ies) in which district is located: _____ Williamson County, Texas

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which district is located: _____

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: _____ City of Hutto, Texas

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? _____

- (1) The District will receive retail water service from Jonah Water Special Utility District. The District will be the provider of the retail wastewater service to customers within the District. No retail wastewater service was provided in fiscal year 2024.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2024

| | |
|---|-------------------|
| Personnel Expenditures (including benefits) | \$ - |
| Professional Fees: | |
| Auditing | - |
| Legal | 294,224 |
| Engineering | 75,084 |
| Financial Advisor | - |
| Purchased Services For Resale - | |
| Bulk Water and Wastewater Purchases | - |
| Contracted Services: | |
| Bookkeeping | 10,242 |
| Operations Fees | 3,000 |
| Appraisal District/Tax Collector | - |
| Other Contracted Services | 1,347 |
| Utilities | - |
| Repairs and Maintenance | 5,622 |
| Chemicals | - |
| Administrative Expenditures: | |
| Directors' Fees | 9,959 |
| Office Supplies | - |
| Insurance | 3,069 |
| Election Costs | - |
| Other Administrative Expenditures | 2,393 |
| Capital Outlay: | |
| Capitalized Assets | - |
| Expenditures not Capitalized | - |
| Bad Debt | - |
| Parks and Recreation | - |
| Other Expenditures | - |
| TOTAL EXPENDITURES | \$ 404,940 |

Number of persons employed by the District:

☐ Full-Time

☐ Part-Time

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2024

The District did not have any temporary investments at September 30, 2024.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2024

| | Maintenance Taxes | Debt Service Taxes | |
|--|----------------------|-----------------------|----------|
| Taxes Receivable, Beginning of Year | \$ - | \$ - | |
| 2023 Original Tax Levy, less abatements | - | - | |
| Adjustments | - | - | |
| Rollbacks | - | - | |
| Total to be accounted for | - | - | |
| Tax collections: | | | |
| Current year | - | - | |
| Prior years and rollbacks | - | - | |
| Total collections | - | - | |
| Taxes Receivable, End of Year | \$ - | \$ - | |
| Taxes Receivable, By Tax Years | | | |
| Rollbacks | \$ - | \$ - | |
| 2023 | - | - | |
| Taxes Receivable, End of Year | \$ - | \$ - | |
| Property Valuations: | 2023 | 2022 | 2021 |
| Land and improvements | \$ - (1) | \$ - (1) | \$ - (1) |
| Total Property Valuations | \$ - | \$ - | \$ - |
| Tax Rates per \$100 Valuation: | | | |
| Debt Service tax rates | \$ - (1) | \$ - (1) | \$ - (1) |
| Maintenance tax rates | - | - | - |
| Total Tax Rates per \$100 Valuation: | \$ - | \$ - | \$ - |
| Tax Levy | \$ - | \$ - | \$ - |
| Percent of Taxes Collected to Taxes Levied ** | | | |
| Maximum Maintenance Tax Approved by Voters: | \$ 1.20 on | 5/4/2024 | |
| Maximum Road Tax Approved by Voters: | \$ 0.25 on | 5/4/2024 | |

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

(1) The District did not levy a tax in 2021, 2022 or 2023.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed to the District's bond offering documents or the District's annual bond disclosure filings.

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2024

The District had no long-term debt outstanding at September 30, 2024.

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2024**

| | <u>Total</u> |
|---|-----------------------------|
| Interest Rate | |
| Dates Interest Payable | |
| Maturity Dates | |
| Bonds Outstanding at Beginning of Current Fiscal Year | \$ - |
| Bonds Sold During the Current Fiscal Year | - |
| Retirements During the Current Fiscal Year: | |
| Principal | - |
| Refunded | - |
| | <u> </u> |
| Bonds Outstanding at End of Current Fiscal Year | <u><u>\$ -</u></u> |
| Interest Paid During the Current Fiscal Year | <u><u>\$ -</u></u> |

Paying Agent's Name and Address:

| | Unlimited Tax Bonds* | Road Bonds* | Park and Recreational Facilities* |
|-----------------------------|------------------------------|------------------------------|---|
| Bond Authority: | | | |
| Amount Authorized by Voters | \$ 443,125,000 | \$ 130,593,750 | \$ 52,812,500 |
| Amount Issued | - | - | - |
| Remaining To Be Issued | <u><u>\$ 443,125,000</u></u> | <u><u>\$ 130,593,750</u></u> | <u><u>\$ 52,812,500</u></u> |

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

| | |
|---|--------------------|
| Debt Service Fund Cash and Temporary Investments balances as of September 30, 2024: | <u><u>\$ -</u></u> |
| Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt: | <u><u>\$ -</u></u> |

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT

TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES

GENERAL FUND - THREE YEARS

SEPTEMBER 30, 2024

| | Amounts | | | Percent of Fund Total Revenues | | |
|---|--------------------|------------------|--------------------|-----------------------------------|---------------|------------|
| | 2024 | 2023* | 2022* | 2024 | 2023* | 2022* |
| GENERAL FUND REVENUES: | | | | | | |
| Developer advances | \$ 355,000 | \$ 230,000 | - | 100.0% | 100.0% | N/A |
| TOTAL GENERAL FUND REVENUES | 355,000 | 230,000 | - | 100.0% | 100.0% | N/A |
| GENERAL FUND EXPENDITURES: | | | | | | |
| Operations fees | 3,000 | - | - | 0.8% | - | N/A |
| Repairs/Maintenance | 5,622 | - | - | 1.6% | - | N/A |
| Director Fees, including Payroll Taxes | 9,959 | - | - | 2.8% | - | N/A |
| Insurance | 3,069 | 3,021 | - | 0.9% | 1.3% | N/A |
| Election expenditures | 1,376 | - | - | 0.4% | - | N/A |
| Legal fees | 294,224 | 112,190 | - | 82.9% | 48.8% | N/A |
| Accounting fees | 10,242 | 6,000 | 1,750 | 2.9% | 2.6% | N/A |
| Engineering fees | 75,084 | 22,372 | 13,020 | 21.2% | 9.7% | N/A |
| Other consulting fees | 1,347 | - | - | 0.4% | - | N/A |
| Other | 1,017 | 1,381 | 3 | 0.3% | 0.6% | N/A |
| TOTAL GENERAL FUND EXPENDITURES | 404,940 | 144,964 | 14,773 | 114.1% | 63.0% | N/A |
| EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES | \$ (49,940) | \$ 85,036 | \$ (14,773) | -14.1% | 37.0% | N/A |
| TOTAL ACTIVE RETAIL WATER AND WASTEWATER CONNECTIONS | (1) | (1) | (1) | | | |

(1) The District will receive retail water service from Jonah Water Special Utility District. The District will be the provider of the retail wastewater service to customers within the District. No retail wastewater service was provided in fiscal year 2024.

* Unaudited

**SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024**

| | |
|--|---|
| Complete District Mailing Address: | <u>919 Congress Ave.</u> <u>Austin, TX 78701</u> |
| District Business Telephone Number: | <u>(512) 518-2424</u> |
| Submission Date of the most recent District Registration Form TWC Sections 36.054 and 49.054): | <u>May 8, 2024</u> |
| Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060) | <u>\$7,200*</u> |

| Name and Address: | Term of Office (Elected or Appointed) or Date Hired | Fees of Office Paid * 9/30/2024 | Expense Reimbursements 9/30/2024 | Title at Year End |
|--|--|--|---|--|
| Board Members: | | | | |
| EDUARDO MENDOZA | (Elected) 5/4/2024 - 5/6/2028 | \$ 2,518 | \$ - | President |
| NICHOLAS LESCHKE | (Elected) 5/4/2024 - 5/2/2026 | \$ 2,589 | \$ - | Vice President |
| TAYLOR KOLMODIN | (Elected) 5/4/2024 - 5/2/2026 | \$ 2,147 | \$ - | Secretary |
| SEAN WAEISS | (Appointed) 5/8/2024 - 5/6/2028 | \$ 1,105 | \$ - | Assistant Secretary |
| JOHN MABERRY | (Appointed) 5/8/2024 - 5/6/2028 | \$ 442 | \$ - | Assistant Vice-President/ Assistant Secretary |
| Consultants: | | | | |
| Allen Boone Humphries Robinson LLP | 6/20/2022 | \$ 294,224 | \$ - | Attorney |
| Jones-Heroy & Associates, Inc. | 6/20/2022 | \$ 75,084 | \$ - | Engineer |
| Bott & Douthitt, PLLC | 6/20/2022 | \$ 10,242 | \$ - | Accountant |
| McCall Gibson Swedlund Barfoot Ellis PLLC | 9/9/2024 | \$ - | \$ - | Auditor |
| Robert W. Baird & Co., Inc. | 6/12/2023 | \$ - | \$ - | Financial Advisor |
| Assessments of the Southwest Inc. | 6/20/2022 | \$ - | \$ - | Tax Collector |

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

OTHER SUPPLEMENTARY INFORMATION

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2024

| Taxpayer | Type of Property | Tax Roll Year | | |
|----------------------------------|------------------|-------------------|-------------------|---------------------|
| | | 2024 | 2023 | 2022 |
| Hutto 525 Development Parters LP | N/A | \$ 853,031 | \$ 922,671 | \$ 1,374,435 |
| Maberry, J. | N/A | 96,411 | - | - |
| Kolmodin, T. et al | N/A | - | 5,843 | 3,849 |
| Total | | \$ 949,442 | \$ 928,514 | \$ 1,378,284 |
| Percent of Assessed Valuation | | 100.0% | 100.0% | 100.0% |

SOUTH FORK RANCH MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2024

| Type of Property | Tax Roll Year | | | | | |
|----------------------------|-------------------|---------------|-------------------|---------------|---------------------|---------------|
| | 2024 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % |
| Real Acreage | \$ 1,470,089 | 154.8% | \$ 1,645,374 | 177.2% | \$ 1,378,284 | 100.0% |
| Farm and Ranch Improvement | 869,726 | 91.6% | 834,651 | 89.9% | - | - |
| Exemptions/Adjustments | (1,390,373) | -146.4% | (1,551,511) | -167.1% | - | - |
| Total | <u>\$ 949,442</u> | <u>100.0%</u> | <u>\$ 928,514</u> | <u>100.0%</u> | <u>\$ 1,378,284</u> | <u>100.0%</u> |