

RIVERFIELD MUNICIPAL UTILITY DISTRICT NO. 1 OF HUNT AND COLLIN COUNTIES
(A political subdivision of the State of Texas located within Hunt and Collin Counties)

PRELIMINARY OFFICIAL STATEMENT
DATED: JUNE 1, 2026

\$2,125,000
UNLIMITED TAX UTILITY BONDS,
SERIES 2026

BONDS BIDS TO BE SUBMITTED BY: 9:00 A.M., CENTRAL TIME
TUESDAY, JUNE 9, 2026

BONDS TO BE AWARDED: 11:00 A.M., CENTRAL TIME
TUESDAY, JUNE 9, 2026

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2026

NEW ISSUE – Book Entry Only

NO RATING

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE “TAX MATTERS” FOR A DISCUSSION OF BOND COUNSEL’S OPINION.

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

\$2,125,000

RIVERFIELD MUNICIPAL UTILITY DISTRICT NO. 1 OF HUNT AND COLLIN COUNTIES

(A Political Subdivision of the State of Texas Located within Hunt and Collin Counties)

UNLIMITED TAX UTILITY BONDS, SERIES 2026

Dated: July 1, 2026

Due: September 1, as shown on inside cover page

The \$2,125,000 Unlimited Tax Utility Bonds, Series 2026 (the “Bonds”), are obligations of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the “District”) and are not obligations of the State of Texas; Collin County, Texas; Hunt County, Texas; the City of Josephine, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Collin County, Texas; Hunt County, Texas; the City of Josephine, Texas; 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, N.A., Dallas, Texas (the “Paying Agent/Registrar”). The Bonds are dated July 1, 2026, and interest on the Bonds accrues from the date of their delivery, currently scheduled for July 15, 2026 (the “Delivery Date”). Interest is payable March 1, 2027, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of 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” and APPENDIX C — “BOOK-ENTRY-ONLY SYSTEM.”

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

The Bonds represent the third series of bonds to be issued by the District for the purposes of purchasing, constructing, acquiring, owning, leasing or operating a waterworks system, a surface water system, a sanitary sewer system and a drainage and storm sewer system for the District (the “Utility System”). The District has also previously issued one series of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining macadamized, graveled, and paved roads and turnpikes or improvements, including storm drainage in aid of such roads, for the District (the “Road System”). Voters in the District have authorized a total of \$162,569,464 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, acquiring, owning, leasing or operating the Utility System and a total of \$59,522,963 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining the Road System. See “THE BONDS—Authority for Issuance.”

When issued, the Bonds will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See “THE BONDS—Source of Payment.”

Investment in the Bonds is subject to special 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. See “RISK FACTORS.”

The Bonds are offered when, as, and if issued by the District subject, among other things, to the approval of the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Dallas, Texas, Bond Counsel and Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about July 15, 2026.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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

\$2,125,000 Unlimited Tax Utility Bonds, Series 2026

<i>Maturity (September 1)</i>	<i>Principal Amount*</i>	<i>Interest Rate</i>	<i>Initial Reoffering Yield^(a)</i>	<i>CUSIP No. 76871K^(b)</i>
2029	\$ 50,000			
2030	55,000			
2031	55,000			
2032 ^(c)	60,000			
2033 ^(c)	65,000			
2034 ^(c)	65,000			
2035 ^(c)	70,000			
2036 ^(c)	70,000			
2037 ^(c)	75,000			
2038 ^(c)	80,000			
2039 ^(c)	85,000			
2040 ^(c)	90,000			
2041 ^(c)	95,000			
2042 ^(c)	95,000			
2043 ^(c)	100,000			
2044 ^(c)	105,000			
2045 ^(c)	110,000			
2046 ^(c)	115,000			
2047 ^(c)	125,000			
2048 ^(c)	130,000			
2049 ^(c)	135,000			
2050 ^(c)	145,000			
2051 ^(c)	150,000			

* Preliminary, subject to change.

^(a) The initial reoffering yield has been provided by the Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may be changed for subsequent purchasers. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

^(b) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the District nor its agents or counsel assume responsibility for the accuracy of such numbers.

^(c) Bonds maturing on September 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. The yield on the Bonds is calculated to the lower of yield to redemption or maturity. See “THE BONDS — Redemption of the Bonds.”

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

Except where otherwise indicated, all information contained in this Official Statement has been provided by the District. No dealer, broker, salesperson or other person has been authorized by the District or the Initial Purchaser to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Initial Purchaser has provided the following sentence for inclusion in this Official Statement:

The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein 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 any other parties described herein since the date hereof. 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.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “DEVELOPMENT OF THE DISTRICT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites, including the website maintained by the District, and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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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, as amended.

Prices and Marketability

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 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 United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities acts of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

MUNICIPAL BOND INSURANCE

Applications have been made for a commitment to issue a policy of municipal bond guaranty insurance on the Bonds. The purchase of such Municipal Bond Guaranty Insurance on the Bonds by the Initial Purchaser, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating company in connection with providing an insured rating, will be at the option and expense of the Initial Purchaser.

NO RATING

An application has not been made for a municipal bond rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

The following material 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 Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the “District”), a political subdivision of the State of Texas, is located in Hunt and Collin Counties, Texas, and wholly within the extraterritorial jurisdiction of the City of Josephine, Texas. See “THE DISTRICT.”

- The Bonds..... The District is issuing \$2,125,000 Unlimited Tax Utility Bonds, Series 2026 (the “Bonds”). The Bonds are dated July 1, 2026 and mature on September 1 in the years and amounts set forth on the pages following the cover page hereof. Interest accrues from the date of the initial delivery of the Bonds at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS.”

- Redemption * The Bonds maturing on and after September 1, 2032, are subject to optional redemption, in whole or from time to time in part, on September 1, 2031, 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 annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the

District. The Bonds are obligations of the District and are not obligations of the State of Texas; Hunt County, Texas; Collin County, Texas; the City of Josephine, Texas; or any entity other than the District. See “THE BONDS — Source of Payment.”

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

Outstanding Bonds..... The Bonds are the third series of bonds to be issued by the District for the purposes of purchasing, constructing, acquiring, owning, leasing or operating a waterworks system, a surface water system, a sanitary sewer system and a drainage and storm sewer system for the District (the “Utility System”).

The District has previously issued its (i) \$4,405,000 aggregate principal amount Unlimited Tax Utility Bonds, Series 2024, which are currently outstanding in the principal amount of \$4,405,000; and (ii) \$5,980,000 Unlimited Tax Utility Bonds, Series 2025, which are currently outstanding in the principal amount of \$5,980,000 (collectively, the “Outstanding Utility Bonds”).

The District has also previously issued its \$4,120,000 aggregate principal amount Unlimited Tax Road Bonds, Series 2025, which are currently outstanding in the principal amount of \$4,120,000 (the “Outstanding Road Bonds” and, together with the Outstanding Utility Bonds, the “Outstanding Bonds”), for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining macadamized, graveled, and paved roads and turnpikes or improvements, including storm drainage in aid of such roads, for the District (the “Road System”).

Payment Record..... The Bonds represent the fourth series of bonds issued by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See “THE BONDS – Payment Record.”

Authority for Issuance At an election held within the District on May 6, 2023, voters of the District authorized the District’s issuance of \$162,569,464 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, leasing or operating the Utility System; \$243,854,196 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$59,522,963 principal amount of bonds for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining the Road System; and \$89,284,444.50 principal amount of unlimited tax bonds

for the purpose of refunding bonds issued by the District for the Road System.

Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$150,059,464 principal amount for acquiring or constructing the Utility System; and \$243,854,196 principal amount for the refunding of bonds issued by the District for the Utility System; \$55,402,963 principal amount for acquiring or constructing the Road System; \$89,284,444.50 principal amount for the refunding of bonds issued for the Road System.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution; (ii) Chapter 7956 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held within the District on May 6, 2023; (iv) an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the “Utility Bond Order”); and (v) an approving order of the Texas Commission on Environmental Quality (the “TCEQ”) dated May 11, 2026. See “THE BONDS — Authority for Issuance.”

Use of Utility Bond Proceeds Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for the District’s pro-rata share of water, sanitary sewer and drainage facilities which were constructed to serve the District, as described further under “THE BONDS — Use and Distribution of Bond Proceeds.” Proceeds of the Bonds will also be used to pay developer interest, 18 months of capitalized interest on the Bonds and costs of issuance of the Bonds. See “THE BONDS — Use and Distribution of Bond Proceeds” for further information.

Municipal Bond Insurance..... Applications have been made for a commitment to issue a policy of municipal bond guaranty insurance on the Bonds. The purchase of such Municipal Bond Guaranty Insurance on the Bonds by the Initial Purchaser, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating company in connection with providing an insured rating, will be at the option and expense of the Initial Purchaser. See “MUNICIPAL BOND INSURANCE.”

No Rating..... An application has not been made for a municipal bond rating on the Bonds.

Legal Opinion Coats Rose, P.C., Dallas, Texas. See “LEGAL MATTERS.”

Disclosure Counsel	Stradling Yocca Carlson & Rauth LLP.
Municipal Advisor	Tierra Financial Advisors, LLC, Arlington, Texas (“Tierra”). Tierra is a wholly-owned subsidiary of D.R. Horton, Inc., the ultimate parent company of the primary developer of land in the District. See “RELATIONSHIP AMONG THE PARTIES” herein.

THE DISTRICT

Description.....	The District is located approximately 35 miles northeast of the central business district of the City of Dallas, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Josephine, Texas. Double R Municipal Utility District No. 2 of Hunt County (the “Original District”) was created pursuant to Senate Bill 2057, 84 th Texas Legislative, Regular Session, codified at Chapter 7956, Texas Special District Local Laws Code, effective September 1, 2015. On August 3, 2021, the Original District approved the Division of the Original District into several municipal utility districts, including the District. The creation and operation of the District is pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District encompasses approximately 479.4 total acres. See “THE DISTRICT.”
Developer and Principal Landowner	The developer and principal land-owner of the land within the District is D.R. Horton – Texas, LTD., a Texas limited partnership (the “Developer”). The Developer is wholly owned by D.R. Horton, Inc., a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol “DHI.” A portion of the property in the District is owned by Double R Land Company LLC, a Texas limited liability company (“Double R”). See “THE DEVELOPER AND PRINCIPAL LANDOWNER.”
Development within the District.....	The District consists of two separate but adjacent tracts of land totaling approximately 479.4 acres. Tract 1 of the District is currently being developed into a single-family residential development known as “Riverfield.” Tract 1 of the property within the District currently consists of approximately 389.9 acres and at full buildout is expected to consist of 821 detached single-family homes across approximately 340.9 acres, with the remaining property within Tract 1 expected to consist of approximately 14.3 acres of commercial development, an approximately 11.5-acre school site, an amenity center for the Riverfield development, streets and open space.

Tract 2 of the property within the District consists of approximately 89.5 acres and is currently owned by Double R.

Within Tract 1 of the District, as of March 1, 2026, 400 homes had been completed (42 of which were owned by the Developer and 358 of which had been conveyed to individual homeowners) and the Developer owned 78 single family homes under construction and 343 vacant lots. Neither Double R nor the Developer has any current plans to commence development with Tract 2 of the District. See “THE DEVELOPER AND PRINCIPAL LANDOWNER,” “DEVELOPMENT OF THE DISTRICT,” and “THE DISTRICT.”

Homebuilder The Developer is currently building single family homes in Tract 1 of the District. Homes in Tract 1 of the District currently range in price from approximately \$199,990 to approximately \$353,990 and in size from approximately 1,156 square feet to 2,645 square feet. See “DEVELOPMENT OF THE DISTRICT — Homebuilder within the District.”

RISK FACTORS

THE DISTRICT’S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. 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

2025 Certified Taxable Assessed Valuation	\$107,138,144 ^(a)
Estimated Assessed Valuation as of December 1, 2025	\$133,763,655 ^(b)
Direct Debt:	
The Outstanding Utility Bonds	\$ 10,385,000
The Outstanding Road Bonds	4,120,000
The Bonds	<u>2,125,000</u>
Total	\$ 16,630,000
Estimated Overlapping Debt	<u>\$ 14,177,922 ^(c)</u>
Total Direct and Estimated Overlapping Debt	\$ 30,807,922 ^(c)
Direct Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	15.52%
As a percentage of Estimated Assessed Valuation as of December 1, 2025	12.43%
Direct and Estimated Overlapping Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	28.76%
As a percentage of Estimated Assessed Valuation as of December 1, 2025	23.03%
District Funds	
Utility Bond Debt Service Fund (as of May 12, 2026)	\$ 1,413,971 ^(d)
Road Bond Debt Service Fund (as of May 12, 2026)	\$ 609,109 ^(e)
Operating Fund (as of May 12, 2026)	\$ 114,189
2025 Tax Rate per \$100 of Taxable Assessed Valuation:	
Utility Debt Service	\$0.595
Road Debt Service	0.245
Maintenance & Operation	<u>0.160</u>
Total	\$1.000
Average Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2026-2052)	\$ 1,097,310* ^(f)
Maximum Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2049)	\$ 1,243,656* ^(f)
Overall Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Average Annual Debt Service Requirement on the Bonds and Outstanding Bonds (2025-2051):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$1.08*
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.86*
Overall Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Maximum Debt Service Requirement on the Bonds and Outstanding Bonds (2049):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$1.22*
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.98*
Average Annual Debt Service Requirements on the Bonds and Outstanding Utility Bonds (2026-2052)	\$ 821,645* ^(h)
Maximum Annual Debt Service Requirements on the Bonds and Outstanding Utility Bonds (2049)	\$ 938,156* ^(h)
Utility System Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Average Annual Debt Service Requirement on the Bonds and Outstanding Utility Bonds (2026-2052):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$0.81*
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.65*
Utility System Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Maximum Debt Service Requirement on the Bonds and Outstanding Utility Bonds (2049):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$0.92*
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.74*
Average Annual Debt Service Requirements on the Outstanding Road Bonds (2026-2052)	\$ 286,267 ⁽ⁱ⁾
Maximum Annual Debt Service Requirements on the Outstanding Road Bonds (2049)	\$ 305,500 ⁽ⁱ⁾

Road System Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Road Bonds (2026-2052):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$0.28
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.23
Road System Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Debt Service Requirement on the Outstanding Road Bonds (2049):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	\$0.30
Based on Estimated Assessed Valuation as of December 1, 2025 at 95% Collections	\$0.24

* *Preliminary, subject to change.*

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Collin and Hunt Central Appraisal Districts (the "Appraisal Districts"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of December 1, 2025 and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to December 1, 2025. No taxes will be levied on this estimated assessed value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT — Direct and Estimated Overlapping Debt Statement."
- (d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. The Bonds include 18 months of capitalized interest which will be deposited into the Utility System Debt Service Fund.
- (e) Neither Texas law nor the bond orders for the Outstanding Road Bonds require that the District maintain any particular sum in the Road System Debt Service Fund. The funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System.
- (f) Debt Service on the Bonds is estimated at an average interest rate of 5.00%. See "DISTRICT DEBT – Estimated Combined Debt Service Requirement Schedule."

\$2,125,000
RIVERFIELD MUNICIPAL UTILITY DISTRICT NO. 1 OF HUNT AND COLLIN COUNTIES
(A Political Subdivision of the State of Texas Located within Hunt and Collin Counties)
UNLIMITED TAX UTILITY BONDS, SERIES 2026

INTRODUCTION

This Official Statement of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the “District”) is provided to furnish information with respect to the issuance by the District of its \$2,125,000 Unlimited Tax Utility Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution; (ii) Chapter 7956 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held within the District on May 6, 2023; (iv) an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the “Bond Order”); and (v) an approving order of the Texas Commission on Environmental Quality (the “TCEQ”) dated May 11, 2026 (the “TCEQ Order”). See “THE BONDS — Authority for Issuance.”

This Official Statement includes descriptions of the Bonds, D.R. Horton—Texas, Ltd., a Texas limited partnership (the “Developer”), the Bond Order, 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 Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350 Dallas, Texas 75248, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

RELATIONSHIP AMONG THE PARTIES

Tierra Financial Advisors, LLC, serves as Municipal Advisor to the District (the “Municipal Advisor”) and is a wholly owned subsidiary of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton, Inc.”), the ultimate parent company of the Developer. The District was created in 2021 at the direction of D.R. Horton, Inc. to facilitate development in the District, and the Developer, which is a wholly-owned subsidiary of D.R. Horton, Inc. and the primary developer of land in the district, owned approximately 28.57% of the total taxable assessed value of property in the District as of January 1, 2025. See “DEVELOPMENT OF THE DISTRICT,” “THE DEVELOPER AND PRINCIPAL LANDOWNER” and “TAX DATA — Principal Taxpayers.” A portion of the proceeds of the Bonds will be used to reimburse the Developer for expenditures incurred in connection with the development of infrastructure in the District. See “THE BONDS — Use and Distribution of Bond Proceeds.” No employees of the Developer, D.R. Horton, Inc., or any other subsidiary or affiliate of D.R. Horton, Inc., are members of the Board of the District and the Municipal Advisor is subject to federal laws and regulations that require it to disclose, manage and mitigate conflicts of interest consistent with its fiduciary duties to the District.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. Copies of the Bond Order may be obtained from the District upon written request made to Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350 Dallas, Texas 75248.

The Bonds are dated July 1, 2026, with interest payable on March 1, 2027 and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or 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 (the “Registered Owners”) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrars, 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

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC’s procedures and the procedures of DTC’s Participants. See APPENDIX C — “BOOK-ENTRY-ONLY SYSTEM.”

Successor Paying Agent/Registrar

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

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 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 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*

Bonds maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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 all of the land within the District is situated within the extraterritorial jurisdiction of the City of Josephine, Texas (the "City"), the District may be annexed for full purposes by the

* *Preliminary, subject to change.*

City, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City and ultimately the qualified voters in the District, and, therefore, the District makes no representation that the City will ever attempt to annex the District for full purposes and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should such annexation occur. The Bond Order provides for the termination of the pledge of taxes to the Bonds upon annexation and dissolution by the City.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes, and other obligations. If each district assumes the other's bonds, notes, and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

Authority for Issuance

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution; (ii) Chapter 7956 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held within the District on May 6, 2023; (iv) the Bond Order; and (v) the TCEQ Order.

At an election held within the District on May 6, 2023, voters of the District authorized the District's issuance of \$162,569,464 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, leasing or operating a waterworks system, a surface water system, a sanitary sewer system and a drainage and storm sewer system serving the District (the "Utility System"); \$243,854,196 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$59,522,963 principal amount of bonds for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining macadamized, graveled, and paved roads and turnpikes or improvements, including storm drainage in aid of such roads, for the District (the "Road System"); and \$89,284,444.50 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The Bonds represent the fourth series of bonds issued by the District and the third series of bonds issued for the Utility System.

Bond Debt Service Funds

The Bond Order creates a fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility Bond Debt Service Fund"). Eighteen (18) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Utility Bond Debt Service Fund. The Utility Bond Debt Service Fund, which constitutes a trust fund for the benefit of the owners of bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility Bond 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 for the Utility 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.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal District (herein defined). Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, any additional bonds payable from taxes that the District may hereafter issue for the Utility System, and fees of the Paying Agent/Registrar. Bonds issued for the Road System and for the Utility System are each supported by a separate unlimited tax levied by the District. Amounts on deposit in the Utility Bond Debt Service Fund may not be used to pay debt service on the Outstanding Road Bonds or other bonds issued by the District for the Road System. Amounts on deposit in the District's debt service fund established for bonds issued for the Road System may not be used to pay debt service on bonds issued for the Utility System, such as the Bonds. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Ellis County, Texas; the City; or any entity other than the District.

Outstanding Bonds

The Bonds are the third series of bonds to be issued by the District for the purposes of purchasing, constructing, acquiring, owning, leasing or operating a waterworks system, a surface water system, a sanitary sewer system and a drainage and storm sewer system for the District (the "Utility System"). The District has previously issued its (i) \$4,405,000 aggregate principal amount Unlimited Tax Utility Bonds, Series 2024, which are currently outstanding in the principal amount of \$4,405,000; and (ii) \$5,980,000 Unlimited Tax Utility Bonds, Series 2025, which are currently outstanding in the principal amount of \$5,980,000 (collectively, the "Outstanding Utility Bonds").

The District has previously issued its \$4,120,000 aggregate principal amount Unlimited Tax Road Bonds, Series 2025, which are currently outstanding in the principal amount of \$4,120,000 (the "Outstanding Road Bonds" and, together with the Outstanding Utility Bonds, the "Outstanding Bonds"), for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining macadamized, graveled, and paved roads and turnpikes or improvements, including storm drainage in aid of such roads, for the District (the "Road System").

Payment Record

The Bonds represent the fourth series of bonds issued by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Issuance of Additional Debt

The District's voters have authorized the District's issuance of \$162,569,464 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$243,854,196 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$59,522,963 bonds for the purpose of constructing or acquiring the Road System; and \$89,284,444.50 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The District may authorize additional amounts in the future.

The Bonds are the third series of bonds issued by the District for the Utility System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but

unissued: \$150,059,464 principal amount for acquiring or constructing the Utility System; \$243,854,196 principal amount for the refunding of bonds issued by the District for the Utility System; \$55,402,963 principal amount for acquiring or constructing the Road System; \$89,284,444.50 principal amount for the refunding of bonds issued for the Road System.

The Bond Order 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 for the Utility System, approved by the TCEQ. The District's issuance of the remaining \$150,059,464 principal amount of unlimited tax bonds for the Utility System shall be subject to prior approval by the TCEQ. The \$55,402,963 principal amount of unlimited tax bonds for acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately \$30.9 million for expenditures to construct the Utility System and the Road System. 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.

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 Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment

quality by a nationally recognized investment rating firm not less than AAA or its equivalent, 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.

Amendments to the Bond Order

The District may, without the consent of or notice to any Bondholder, amend the Bond Order in any manner not detrimental to the interests of the Bondholder, including the curing of any ambiguity, inconsistency

or formal defect or omission therein. In addition, the District may, with the written consent of the Bondholders of a majority in aggregate principal amount of the applicable series of Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of a Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of a Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the applicable Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies

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

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

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for the construction costs set out below. Proceeds of the Bonds will also be used to pay those non-construction costs shown below. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Municipal Advisor (each hereinafter defined). 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. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

<i>Construction Costs</i>	<i>District’s Share</i>
A. Developer Contribution Items	\$ --
B. District Items	
2. City of Josephine Water Improvements	\$ 1,389,823
3. Pond Repairs	87,953
3. Engineering	10,000
4. Contingencies	<u>8,795</u>
Total District Items	<u>\$ 1,496,571</u>
Total Construction Costs	\$ 1,496,571
Less Surplus Funds	<u>(29,134)</u>
Net Total Construction Costs	\$ 1,467,437

<i>Non-Construction Costs</i>	
A. Legal Fees	\$ 52,500
B. Municipal Advisor Fees	25,000
C. Interest	
1. Capitalized Interest (24 months @ 5.00%)	212,500
2. Developer Interest	212,500
D. Underwriter’s Discount (2.0%)	42,500
E. Bond Issuance Expenses	60,125
F. Bond Engineering Report	45,000
G. Attorney General Fee (0.10% up to \$9,500)	2,125
H. TCEQ Bond Issuance Fee (0.25% of Bond Issue Requirement)	<u>5,313</u>
Total Non-Construction Costs	<u>\$ 657,563</u>
TOTAL BOND ISSUE REQUIREMENT	\$ 2,125,000

THE DISTRICT

Authority

Double R Municipal Utility District No. 2 of Hunt County (the “Original District”) was created pursuant to Senate Bill 2057, 84th Texas Legislative, Regular Session, codified at Chapter 7956, Texas Special District Local Laws Code, effective September 1, 2015. On August 3, 2021, the Original District approved the Division of the Original District into several municipal utility districts, including the District. The creation and operation of the District is pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water; and the construction, operation and maintenance of macadamized, graveled or paved roads and turnpikes and improvements in aid thereof. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, subject to the approval of the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, utilize non-tax revenues to develop and finance parks and recreational facilities.

Other than with respect to the construction and financing of roads and improvements in aid thereof, the TCEQ exercises continuing supervisory jurisdiction over the District. Construction of the District’s water and sanitary sewer system is subject to the regulatory jurisdiction of additional governmental agencies.

Description

The District is located approximately 35 miles northeast of the central business district of the City of Dallas, Texas. The District is located within Hunt County, Texas and Collin County, Texas and lies entirely within the extraterritorial jurisdiction of the City. The District encompasses approximately 479.4 total acres.

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:

<i>Name</i>	<i>Title</i>	<i>Term Expires May</i>
Mark Miller	President	2028
David Lord	Vice President	2028
Matt Trulock	Secretary	2030
Donald Martinek	Assistant Secretary	2030
Timothy Miller	Assistant Secretary	2030

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 Assessors/Collectors: For the portion of the District located within Hunt County, Texas, the District's Tax Assessor/Collector is Randy Wineinger, Hunt County Tax Assessor/Collector. For the portion of the District located within Collin County, Texas, the District's Tax Assessor/Collector is Scott Grigg, Collin County Tax Assessor/Collector.

Bookkeeper: The District contracts with L&S District Services, LLC for bookkeeping services.

Utility System Operator: The City operates the utility system that provides service to the District.

Auditor: The District's financial statements for the fiscal year ended May 31, 2025, were audited by McGrath & Co., PLLC. See Appendix A for a copy of such audited financial statements.

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

Bond Counsel: The District has engaged Coats Rose, P.C., Dallas, 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: Stradling Yocca Carlson & Rauth LLP, serves as Disclosure Counsel to the District for 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.

Municipal Advisor: Tierra Financial Advisors, LLC is engaged as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal 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 Municipal 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. Tierra Financial Advisors, LLC is a wholly owned subsidiary of D.R. Horton, Inc. See "RELATIONSHIP AMONG THE PARTIES" herein.

THE DEVELOPER AND 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 to builders, developers, or other third parties, or to build, construct and sell homes directly to homeowners.

In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain water, wastewater, and drainage facilities in a municipal 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 municipal 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 entity is obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer nor any affiliate entity has 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

D.R. Horton – Texas, LTD., a Texas limited partnership (previously defined as the “Developer”), is the principal land-owner and the only active developer of land within the District. The Developer is a wholly-owned subsidiary of D.R. Horton, Inc., a Delaware corporation (previously defined as “D.R. Horton, Inc.”). D.R. Horton, Inc. is a public company whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” D.R. Horton, Inc. has been the largest homebuilder by volume in the United States since 2002. Founded in 1978 in Fort Worth, Texas, D.R. Horton, Inc. has operations in 126 markets in thirty-six (36) states across the United States. For the year ended September 30, 2025, D.R. Horton Inc.'s homebuilding operations closed 84,863 homes. Consolidated revenues for the same twelve-month period were approximately \$34.3 billion. D.R. Horton, Inc. is engaged in the construction and sale of high-quality homes through its diverse brand portfolio that includes D.R. Horton, Express Homes, Freedom Homes and Emerald Homes.

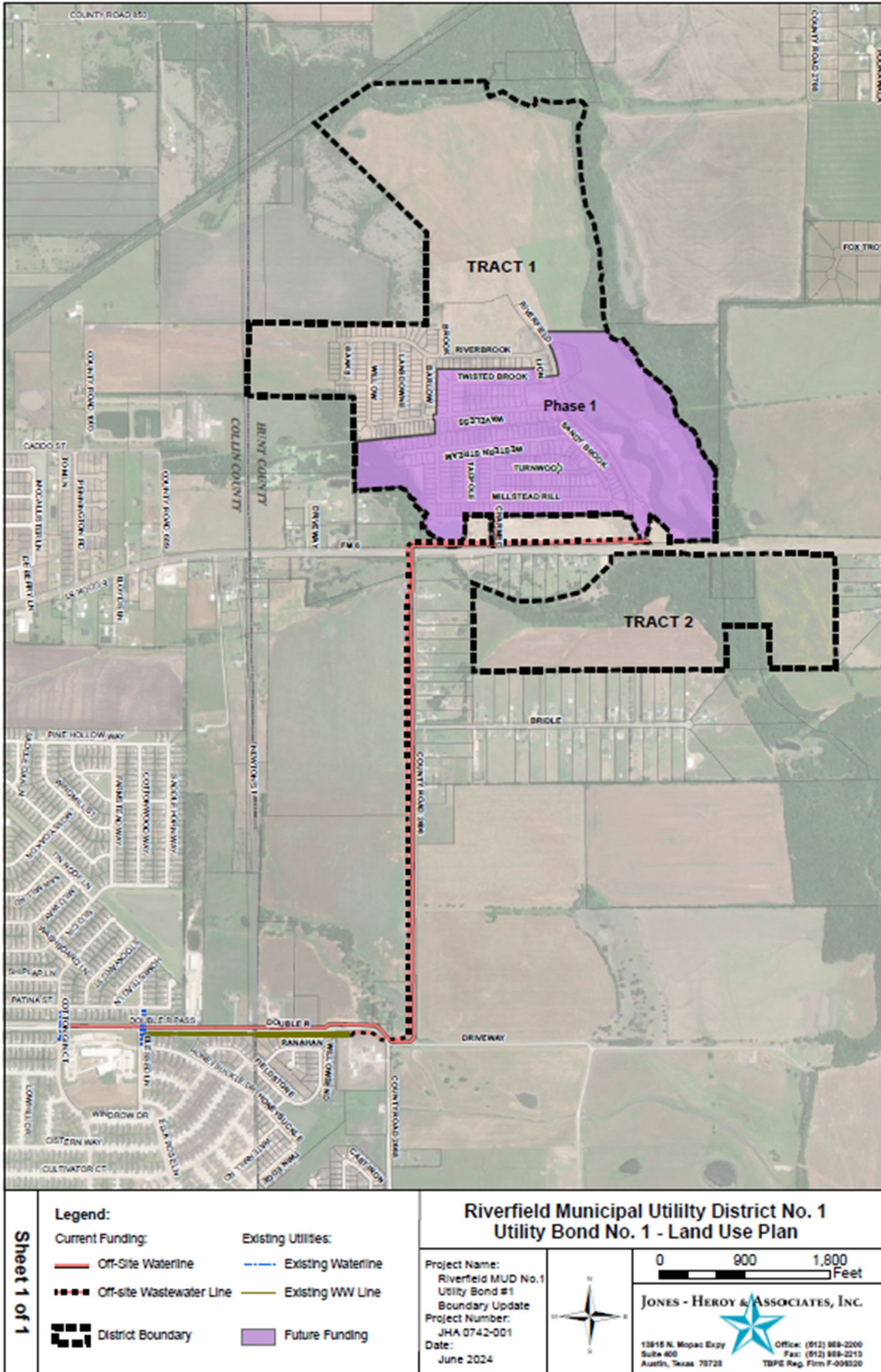
D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly, D.R. Horton, Inc.'s most recent Annual Report on Form 10-K and D.R. Horton, Inc.'s most recent Quarterly Report on Form 10-Q set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including the Developer, as of their respective dates. However, D.R. Horton, Inc. is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer nor D.R. Horton, Inc. is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements by reference herein should not be construed as an implication to that effect. Neither the Developer nor D.R. Horton, Inc. has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and D.R. Horton, Inc. is subject to change at any time.

The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

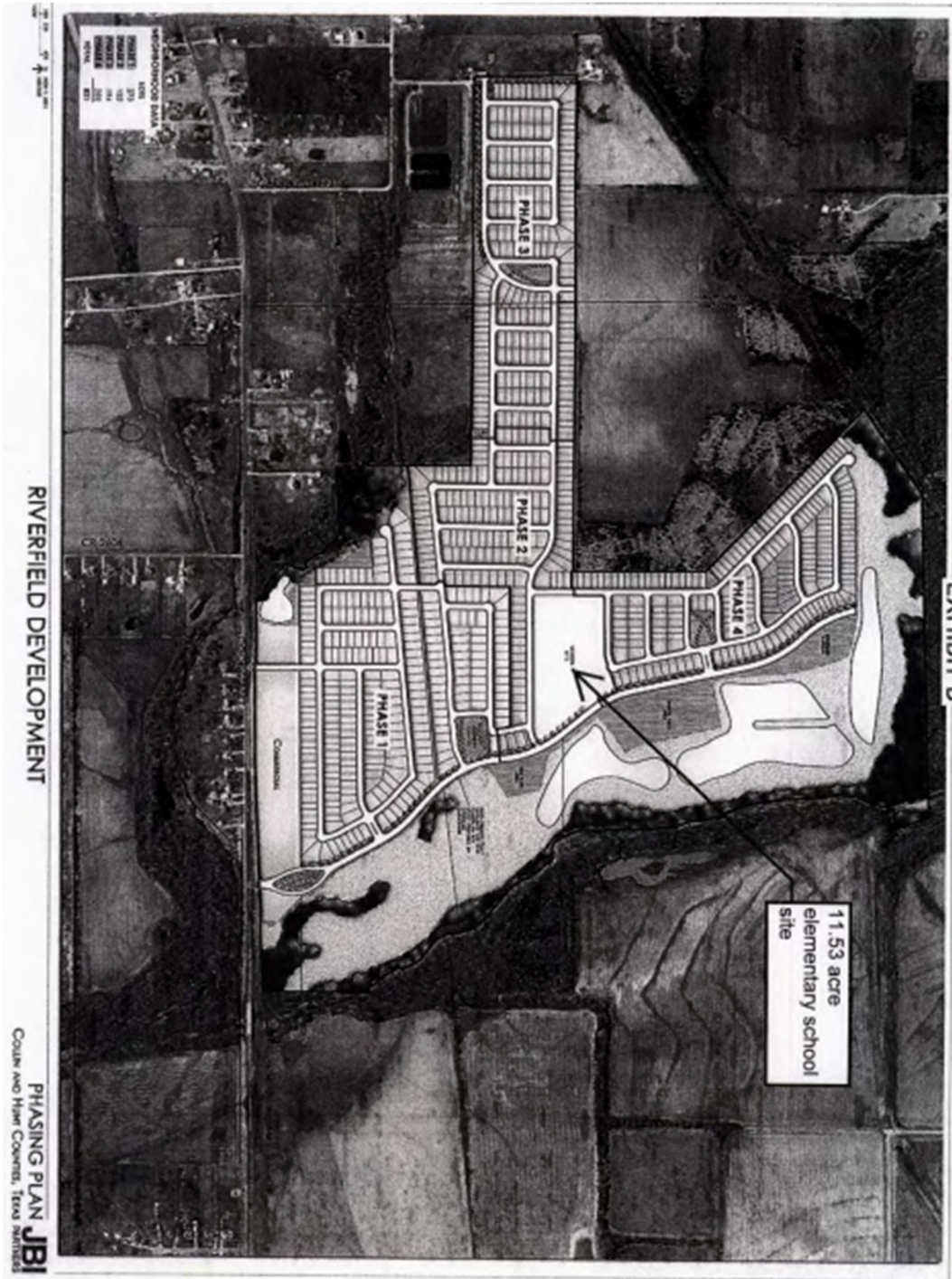
Copies of D.R. Horton, Inc.'s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.'s website at www.drhorton.com.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet sites. None of the Developer or D.R. Horton, Inc. is obligated to advance funds to pay for development or construction costs or to pay taxes on property in the District, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

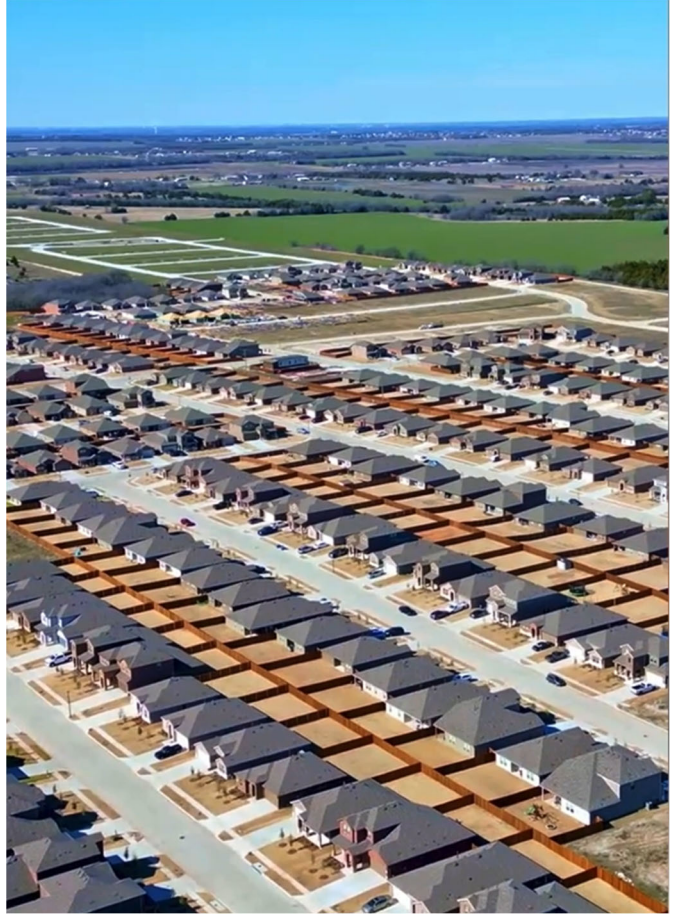
LAND USE PLAN FOR DISTRICT



LAND USE PLAN FOR DISTRICT



DEVELOPMENT PROGRESS



DEVELOPMENT PROGRESS



DEVELOPMENT OF THE DISTRICT

General

The District consists of two separate but adjacent tracts of land totaling approximately 479.4 acres located approximately 35 miles northeast of downtown Dallas, Texas. Tract 1 of the District is currently being developed into a single-family residential development known as “Riverfield.” Tract 1 of the property within the District consists of approximately 389.9 acres and at full buildout is expected to consist of 821 detached single-family homes across approximately 340.9 acres, with the remaining property within Tract 1 expected to consist of approximately 14.3 acres of commercial development, an approximately 11.5-acre school site, an amenity center for the Riverfield development, streets and open space.

Within Tract 1 of the District, as of March 1, 2026, 400 homes had been completed (19 of which were owned by the Developer and under contract with individual homeowners, 23 of which were owned by the Developer and 358 of which had been conveyed to individual homeowners) and the Developer owned 78 single family homes under construction and 343 vacant lots. Homes in the District currently range in price from approximately \$199,990 to approximately \$353,990 and in size from approximately 1,156 square feet to 2,645 square feet. The single family residential portion of Tract 1 of the District is expected to be developed in four phases.

As of March 1, 2026, within Phase 1 (which is expected to consists of 273 single family homes at full buildout), the Developer had completed construction of 219 homes and there were an additional 54 finished lots. Home construction in Phase 1 was completed in October 2024 except for the 54 vacant window lots, on which homes are expected to be constructed as the final phase of construction within the Riverfield development.

As of March 1, 2026, homes were currently under construction within Phase 2 (which is expected to consist of 152 single family homes at full buildout), and as of such date 152 homes had been completed, 0 homes were under construction, and there were an additional 0 finished lots. The Developer complete the construction of homes within Phase 2 in December 2025.

As of March 1, 2026, homes were currently under construction within Phase 3 (which is expected to consist of 194 single family homes at full buildout), and as of such date 8 homes had been completed, 38 homes were under construction, and there were an additional 148 finished lots. The Developer currently expects to complete the construction of homes within Phase 3 by December 2027.

As of March 1, 2026, homes were currently under construction within Phase 4 (which is expected to consist of 202 single family homes at full buildout), and as of such date 21 homes had been completed, 40 homes were under construction, and there were an additional 141 finished lots. The Developer currently expects to complete the construction of homes within Phase 4 by March 2028.

Tract 2 of the property within the District consists of approximately 89.5 acres. The Development Agreement provides that lots within Tract 2 of the District shall be developed as estate single-family lots with minimum lot areas of 1.5 acres. The property within Tract 2 of the District is currently owned by Double R Land Company LLC (“Double R”). Double R is controlled by Ryan Horton and Reagan Horton, who are the adult sons of the late Donald R. Horton, the previous Chairman of D.R. Horton, Inc. D.R. Horton, Inc. has a strategic relationship with Ryan Horton and Reagan Horton and entities controlled by them (including Double R), pursuant to which such entities serve as a land seller and land banker to D.R. Horton, Inc. and its subsidiaries; however, the Developer does not currently have any plans to purchase or develop the property within Tract 2 of the District.

The approximately 14.3 acre commercial portion of Tract 1 of the District is also currently owned by Double R. Neither the Developer nor Double R has developed plans for development of the commercial parcel.

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, 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. See “THE DEVELOPER AND PRINCIPAL LANDOWNER.”

Development Agreement

Upon formation of the Original District, the original owner of the property within the District, Double R Land Company LLC, a Texas limited liability company (“Double R”), entered into a Development Agreement with the City for the purposes, among other things, of coordinating the development of the District and providing for the provisions of water and wastewater services to the property within the District. The Developer acquired the property within the District from Double R and Double R assigned the Development Agreement to the Developer.

The Development Agreement provides that the maximum single-family residential density for any of the property within Tract 1 of the District shall be no greater than 3.5 dwelling units per gross acre, and that the single-family homes within Tract 1 of the District shall be on lots ranging from 40 feet to 75 feet wide and with minimum lot areas ranging from 4,800 square feet to 9,000 square feet. The Development Agreement also provides certain restrictions related to exterior masonry of the homes within the District, garage doors and landscaping. The Developer is currently in compliance with the terms of the Development Agreement and the Developer’s development plans comply with the requirements of the Development Agreement.

In addition to the connection fees described below under the caption “THE UTILITY SYSTEM,” the Development Agreement provides that the Developer is required to pay certain fees to the City as each lot is developed, including building inspection fees (\$800 per lot), public safety service fees (\$1,000 per lot), professional service fees (\$700 per lot) and public park maintenance fees (\$300 per lot). The Development Agreement provides that the Developer may obtain building permits prior to the filing of any final plats, provided no certificate of occupancy will be issued by the City until all public improvements within such plat, including all streets and utilities have been completed, inspected and accepted by the City, and the final plat has been approved by the City and recorded in the plat records of the applicable county.

The Development Agreement further provides that the Developer shall construct an approximately 90-acre public park with public access and, among other things, several lakes, hiking and bike trails, parking, a dog park, youth soccer fields and baseball fields and pickleball courts. The Developer is required by the Development Agreement to begin construction of the park prior to the 500th single-family home within the District being platted and to complete construction of the park within one year thereafter. The earthwork portion of the construction of the park is currently underway, and completion of the park is being coordinated with the City to meet the requirements of the Development Agreement.

Other requirements of the Development Agreement include dedication of the approximately 11.5 acre school site to the Community Independent School District, reservation of a five-acre public safety site, construction of a community amenity center and maintenance of a minimum of 30,000 square feet of neighborhood open space for every 250 single-family homes (inclusive of detention ponds and any floodplain acres).

Status of Development within the District

The following tables shows the status of construction of the single family homes within Tract 1 of the District as of March 1, 2026:

<i>Phase</i>	<i>Acreege</i>	<i>Lots</i>	<i>Homes Completed (Homeowners)</i>	<i>Homes Completed (Developer)</i>	<i>Under Construction</i>	<i>Vacant Lots</i>
<i>Tract 1</i>						
Riverfield, Phase 1	123.26	273	217	2	0	54
Riverfield, Phase 2	46.16	152	128	24	0	0
Riverfield Phase 3	45.09	194	2	6	38	148
Riverfield, Phase 4	<u>126.37</u>	<u>202</u>	<u>11</u>	<u>10</u>	<u>40</u>	<u>141</u>
Totals	340.88	821	358	42	78	343

Financing Plan

Through March 1, 2026, the Developer had spent approximately \$140 million in site acquisition and development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its development within the District. The Developer expects to spend approximately \$50 million in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between March 1, 2026 and full build-out of its homes proposed to be constructed in the District.

To date, the Developer has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds. The Developer expects to use internal funding (which may include home sales revenues from its project within the District) to complete its development activities within the District. However, home sales revenues from the Developer’s activities in the District are not segregated and set aside for completing the homes in the District. Notwithstanding the foregoing, the Developer believes that it will have sufficient funds to complete its construction and sale of homes in the District.

Notwithstanding the current belief of the Developer that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to the Developer will be sufficient to complete the property development and home construction as currently anticipated. Neither the Developer nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in the District, or the payment of property taxes for property within the District. Any contributions by the Developer to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues are inadequate to pay the costs to complete the planned development by the Developer within the District and other financing by the Developer is not put into place, there could be a shortfall in the funds required to complete the planned development by the Developer or to pay property taxes related to the Developer’s property in the District, and the remaining portions of the Developer’s project in the District may not be completed. Many factors beyond the Developer’s control, or a decision by the Developer to alter its current plans, may cause the actual sources and uses to differ from the projections. See “RISK FACTORS” herein for a discussion of risk factors.

THE ROAD SYSTEM

Construction of the District's Road System is subject to regulations by the City and the Texas Department of Transportation. The roads in the District are constructed with either reinforced concrete pavement with curbs on lime stabilized subgrade or asphalt on lime stabilized subgrade. Remaining streets provide local interior service within the District. The Road System also includes, or will include, streetlights and franchise utilities (power, phone and cable). Public utilities such as water, wastewater and storm drainage are typically located within street rights-of-way. The Road System is maintained by the City and consists, or will consist upon completion, of the internal roadways adequate for serving the single family homes within the District.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the Utility System has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, Collin County, Texas, Hunt County, Texas, and the City. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ.

Description of the Utility System

Water Supply. Water supply for the District is provided by the City pursuant to the Development Agreement. Pursuant to the Development Agreement, the City is required to provide water service to serve the District and will operate and maintain the facilities within the District. Additionally, pursuant to the Development Agreement, the Developer was required to fund an off-site water line built by the City and one built by the District, as well as other water facilities improvements made by the City in order to connect the City's system to the property within the District.

The City receives water service from the North Texas Municipal Water District from the Wylie Water Treatment Plant. Pursuant to the Agreement, the District pays a connection fee of \$500 for each equivalent single-family connection connected to the City's water system. The required water supply infrastructure for all four phases of the Riverfield development has been completed and accepted by the City.

As described under "THE BONDS—Use and Distribution of Bond Proceeds," a portion of the proceeds of the Bonds is expected to be used to fund a portion of the costs of the District and City off-site water lines and the additional water facilities improvements. All or a portion of the water connection fees paid to the City, and any remaining payments for City water facilities improvement, may be paid from the proceeds of future bond issuances by the District.

Wastewater Treatment. Wastewater treatment for the District is also provided by the City pursuant to the Development Agreement. Pursuant to the Development Agreement, the City is required to provide wastewater treatment service from the City of Josephine Wastewater Treatment Plant (the "Treatment Plant") to the District and will operate and maintain the facilities within the District.

Pursuant to the Development Agreement, the District built an off-site wastewater line and lift station to connect to the existing Treatment Plant. Additionally, the Developer was required to fund wastewater treatment plant improvements made by the City in order to connect the City's system to the property within the District. Pursuant to the Development Agreement, the District pays a connection fee of \$500 for each equivalent single-family connection connected to the City's wastewater system. The required wastewater supply infrastructure for all four phases of the Riverfield development has been completed and accepted by the City.

As described under “THE BONDS—Use and Distribution of Utility Bond Proceeds,” a portion of the proceeds of the Bonds is expected to be used to fund a portion of the off-site wastewater line and lift station, as well as the District’s share of the additional wastewater improvements. All or a portion of the wastewater connection fees paid to the City may be paid from the proceeds of future bond issuances by the District.

Drainage. The property within the District naturally drains to the southwest into Brushy Creek and to the southwest into Sabine Creek. Rainwater flows to curb and gutter streets to an underground storm sewer collection system to detention ponds or natural drainage ways before being released to either Brushy Creek or Sabine Creek.

100-Year Flood Plain. A small portion of Tract 1 of the District lies within the 100-year floodplain as defined by the Federal Emergency Management Agency Flood Insurance Rate Maps. All efforts have been made and completed along Tract 1 to reclaim the available portions for development.

Historical Operations of the System

The following is a summary of the District’s general operating fund. The figures below were obtained from the District’s audited financial statements for the fiscal years ended May 31, 2023 through May 31, 2025 and the District’s Bookkeeper. See Appendix A. The District is required by statute to have a certified public accountant audit its financial statements, which statements are then required to be filed with the TCEQ.

	<i>Fiscal Year Ended May 31, 2026^{(a)(c)}</i>	<i>Fiscal Year Ended May 31, 2025^(b)</i>	<i>Fiscal Year Ended May 31, 2024^(b)</i>	<i>Fiscal Year Ended May 31, 2023^(b)</i>	<i>Fiscal Year Ended May 31, 2022^(c)</i>
Revenues:					
Property Taxes	\$ 336,350	\$ 15,000	\$ 50,035	--	--
Interest	4,000	--	--	--	--
Total Revenues	\$ 340,350	\$ 15,000	\$ 50,035	--	--
Expenditures:					
Current Service Operations					
Professional Fees	\$ 130,000	\$ 110,000	\$ 141,628	\$ 45,097	\$ 24,164
Contracted Services	27,000	17,100	6,391	2,972	--
Administrative Expenditures	18,897	34,560	15,590	4,048	2,925
Other	300	300	6,250	845	175
Police and Fire Fees	24,000				
Capital Outlay	--	--	101,019	--	--
Total Expenditures	\$ 200,197	\$ 161,960	\$ 270,878	\$ 52,962	\$ 27,264
Revenues Over (Under) Expenditures	\$ 140,153	\$(146,960)	\$(220,843)	\$(52,962)	\$(27,264)
Other Financing Sources (Uses)					
Developer Advances	--	\$ 146,960	\$ 215,519	\$ 66,000	\$ 3,000
Net Change in fund balances	\$ 140,153	--	(5,324)	\$ 13,038	\$(24,264)
Fund Balance, Beginning of Year	\$ (17,634)	\$ (17,634)	\$ (12,310)	\$(25,348)	\$ (1,084)
Fund Balance, End of Year	\$ 122,519	\$ (17,634)	\$ (17,634)	\$(12,310)	\$(25,348)

^(a) From the District’s annual budget for the fiscal year ended May 31, 2026. From the District’s Bookkeeper.

^(b) From the District’s Audited Financial Statements.

^(c) Unaudited. From the District’s Bookkeeper.

DISTRICT DEBT

Utility System Debt Service Requirement Schedule

The following schedule sets forth the debt service on the Bonds and the Outstanding Utility Bonds, assuming an interest rate of 5.00% for the Bonds.

<i>The Bonds</i>					
<i>Year Ending May 31</i>	<i>Outstanding Utility Bonds Debt Service</i>	<i>Principal*</i>	<i>Interest*</i>	<i>Total *</i>	<i>Total Debt Service</i>
2026	\$ 400,058	--	--	--	\$ 400,058
2027	508,594	--	\$ 66,701	\$ 66,701	575,295
2028	600,388	--	106,250	106,250	706,638
2029	733,994	--	106,250	106,250	840,244
2030	732,106	\$ 50,000	105,000	155,000	887,106
2031	724,366	55,000	102,375	157,375	881,741
2032	726,428	55,000	99,625	154,625	881,053
2033	719,031	60,000	96,750	156,750	875,781
2034	721,588	65,000	93,625	158,625	880,213
2035	719,919	65,000	90,375	155,375	875,294
2036	724,631	70,000	87,000	157,000	881,631
2037	729,075	70,000	83,500	153,500	882,575
2038	727,763	75,000	79,875	154,875	882,638
2039	740,331	80,000	76,000	156,000	896,331
2040	741,669	85,000	71,875	156,875	898,544
2041	746,856	90,000	67,500	157,500	904,356
2042	750,509	95,000	62,875	157,875	908,384
2043	752,594	95,000	58,125	153,125	905,719
2044	758,238	100,000	53,250	153,250	911,488
2045	757,409	105,000	48,125	153,125	910,534
2046	764,978	110,000	42,750	152,750	917,728
2047	771,084	115,000	37,125	152,125	923,209
2048	775,738	125,000	31,125	156,125	931,863
2049	783,406	130,000	24,750	154,750	938,156
2050	784,078	135,000	18,125	153,125	937,203
2051	440,750	145,000	11,125	156,125	596,875
2052	--	150,000	3,750	153,750	153,750
Total	\$18,335,580	\$ 2,125,000	\$ 1,723,826	\$ 3,848,826	\$22,184,407

Average Annual Debt Service Requirements on the Bonds and Outstanding Utility Bonds (2026-2052) \$ 821,645*

Maximum Annual Debt Service Requirements on the Bonds and Outstanding Utility Bonds (2049) \$ 938,156*

* *Preliminary, subject to change.*

Road System Debt Service Requirement Schedule

The following schedule sets forth the debt service on the Outstanding Road Bonds

<i>Year Ending May 31</i>	<i>Outstanding Road Bonds Debt Service</i>
2026	\$ 135,374
2027	210,063
2028	210,063
2029	301,738
2030	299,913
2031	297,738
2032	295,213
2033	297,163
2034	294,213
2035	292,538
2036	296,463
2037	295,050
2038	298,300
2039	296,213
2040	298,788
2041	300,800
2042	302,125
2043	297,981
2044	303,363
2045	303,150
2046	302,463
2047	301,000
2048	303,625
2049	305,500
2050	301,750
2051	302,375
2052	--
Total	<u>\$ 7,442,955</u>

Average Annual Debt Service Requirements on the Outstanding Road Bonds (2026-2052).....	\$ 286,267
Maximum Annual Debt Service Requirements on the Outstanding Road Bonds (2049).....	\$ 305,500

Combined Debt Service Requirement Schedule

The following schedule sets forth the debt service on the Bonds and the Outstanding Bonds, assuming an interest rate of 5.00% for the Bonds.

<i>Year Ending May 31</i>	<i>The Bonds</i>				<i>Total Debt Service *</i>
	<i>Outstanding Bonds Debt Service</i>	<i>Principal*</i>	<i>Interest*</i>	<i>Total *</i>	
2026	\$ 535,432	--	--	--	\$ 535,432
2027	718,656	--	\$ 66,701	\$ 66,701	785,358
2028	810,450	--	106,250	106,250	916,700
2029	1,035,731	--	106,250	106,250	1,141,981
2030	1,032,019	\$ 50,000	105,000	155,000	1,187,019
2031	1,022,103	55,000	102,375	157,375	1,179,478
2032	1,021,641	55,000	99,625	154,625	1,176,266
2033	1,016,194	60,000	96,750	156,750	1,172,944
2034	1,015,800	65,000	93,625	158,625	1,174,425
2035	1,012,456	65,000	90,375	155,375	1,167,831
2036	1,021,094	70,000	87,000	157,000	1,178,094
2037	1,024,125	70,000	83,500	153,500	1,177,625
2038	1,026,063	75,000	79,875	154,875	1,180,938
2039	1,036,544	80,000	76,000	156,000	1,192,544
2040	1,040,456	85,000	71,875	156,875	1,197,331
2041	1,047,656	90,000	67,500	157,500	1,205,156
2042	1,052,634	95,000	62,875	157,875	1,210,509
2043	1,050,575	95,000	58,125	153,125	1,203,700
2044	1,061,600	100,000	53,250	153,250	1,214,850
2045	1,060,559	105,000	48,125	153,125	1,213,684
2046	1,067,441	110,000	42,750	152,750	1,220,191
2047	1,072,084	115,000	37,125	152,125	1,224,209
2048	1,079,363	125,000	31,125	156,125	1,235,488
2049	1,088,906	130,000	24,750	154,750	1,243,656
2050	1,085,828	135,000	18,125	153,125	1,238,953
2051	743,125	145,000	11,125	156,125	899,250
2052	--	150,000	3,750	153,750	153,750
Total	\$25,778,535	\$ 2,125,000	\$ 1,723,826	\$ 3,848,826	\$29,627,362

Average Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2026-2052)..... \$ 1,097,310*

Maximum Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2049)..... \$ 1,243,656*

* Preliminary, subject to change.

Bonded Indebtedness

2025 Certified Taxable Assessed Valuation	\$ 107,138,144 ^(a)
Estimated Assessed Valuation as of December 1, 2025	\$ 133,763,655 ^(b)
 Direct Debt:	
The Outstanding Utility Bonds	\$ 10,385,000
The Outstanding Road Bonds	4,120,000
The Bonds	<u>2,125,000</u>
Total	\$ 16,630,000
 Estimated Overlapping Debt	
	<u>\$ 14,177,922 ^(d)</u>
Total Direct and Estimated Overlapping Debt	\$ 30,807,922 ^(d)
 Direct Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	15.52%
As a percentage of Estimated Assessed Valuation as of December 1, 2025	12.43%
Direct and Estimated 2025 Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	28.76%
As a percentage of Estimated Assessed Valuation as of December 1, 2025	23.03%
District Funds	
Utility Bond Debt Service Fund (as of May 12, 2026)	\$ 1,413,971 ^(e)
Road Bond Debt Service Fund (as of May 12, 2026)	\$ 609,109 ^(f)
Operating Fund (as of May 12, 2026)	\$ 114,189
2025 Tax Rate per \$100 of Taxable Assessed Valuation:	
Utility Debt Service	\$ 0.595
Road Debt Service	0.245
Maintenance & Operation	<u>0.160</u>
Total	\$ 1.000

- ^(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Collin and Hunt Central Appraisal Districts (the “Appraisal Districts”). See “TAX DATA” and “TAXING PROCEDURES.”
- ^(b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of December 1, 2025 and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to December 1, 2025. No taxes will be levied on this estimated value. See “TAX DATA” and “TAXING PROCEDURES.”
- ^(c) See “DISTRICT DEBT — Direct and Estimated Overlapping Debt Statement.”
- ^(d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Utility Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. The Utility Bonds include 18 months of capitalized interest which will be deposited into the Utility System Debt Service Fund.
- ^(e) Neither Texas law nor the bond orders for the Outstanding Road Bonds requires that the District maintain any particular sum in the Road System Debt Service Fund. The funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System.

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.

Hunt County

<i>Taxing Jurisdiction</i>	<i>Outstanding Debt 5/1/2026 ^(b)</i>	<i>Overlapping</i>	
		<i>Percent</i>	<i>Amount</i>
Hunt County	\$ 8,575,000	0.610%	\$ 52,301
Hunt Memorial Hospital District	55,525,000	0.617	342,447
Community Independent School District	425,055,000	2.948	<u>12,530,926</u>
Total Estimated Overlapping Debt			\$ 12,925,674

Collin County

<i>Taxing Jurisdiction</i>	<i>Outstanding Debt 5/1/2026 ^(b)</i>	<i>Overlapping</i>	
		<i>Percent</i>	<i>Amount</i>
Collin County	\$ 910,405,000	0.003%	\$ 31,549
Collin County Community College District	438,250,000	0.004	16,797
Community Independent School District	425,055,000	0.283	<u>1,203,901</u>
Total Estimated Overlapping Debt			\$ 1,252,248

The District ^(a)			\$ 16,630,000
Total Direct and Estimated Overlapping Debt			\$ 30,807,922

^(a) Represents the Bonds and the Outstanding Bonds.

^(b) Source: Texas MAC

Debt Ratios

Direct Debt Ratios:

As a percentage of 2025 Certified Taxable Assessed Valuation.....	15.52%
As a percentage of Estimated Assessed Value as of December 1, 2025	12.43%

Direct and Estimated Overlapping Debt Ratios:

As a percentage of 2025 Certified Taxable Assessed Valuation.....	28.76%
As a percentage of Estimated Assessed Value as of December 1, 2025	23.03%

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 for the purpose of acquiring or

constructing the Utility System and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under “THE BONDS — Source of Payment.” The Board is also authorized to levy a separate 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 Outstanding Road Bonds and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the bond order for the Outstanding Road Bonds, the District has agreed to levy such a tax from year to year.

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 the State 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 the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district of county. The Collin Central Appraisal District has the responsibility for appraising property in the District located within Collin County and the Hunt County Appraisal District has the responsibility for appraising property in the District located within Hunt County. Such appraisal values are subject to review and change by the Collin County Appraisal Review Board or the Hunt County Appraisal Review Board, as applicable. Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of said appraisal review boards by filing a petition for review in state district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by either the Collin Central Appraisal District or the Hunt County Appraisal District, as applicable, and approved by the applicable appraisal review board, must be used by each taxing jurisdiction in establishing its tax roll and rate.

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

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

what frequency of future reappraisals will be utilized by the Appraisal Districts or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General. Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled persons or over 65 years of age exemptions. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also 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.

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 by July 1. The District has not 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 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

Collin County and Hunt County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Collin County, Hunt 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, none of the area within the District has been designated as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts 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 and open space land and timberland.

The Property Tax Code requires the Appraisal Districts 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 Districts at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts 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 Districts 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 Districts choose 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% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal Districts are 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.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 (“SB 2”), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5,000,000 (the “Maximum Property Value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the “Appraisal Cap”). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023; however, the provisions described hereinabove took effect January 1, 2024.

Tax Payment Installments after Disaster

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

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 Districts to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and 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 twenty percent (20%) 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 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) 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

General. Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on the current operation and maintenance tax rate or on the percentage of projected 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 in the district, subject to certain homestead exemptions, are 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 the operation and maintenance tax rate that would

impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year 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 each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a 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.

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 Utility Bonds and Outstanding Bonds. All taxable property within the District is also subject to the assessment, levy, and collection by the District of a separate continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Road Bonds. See "TAXING PROCEDURES." The Board has in its Bond Order 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 \$1.00 per \$100 taxable assessed valuation, consisting of \$0.8400 for debt service on the Outstanding Bonds and \$0.1600 for maintenance and operations. Upon closing and delivery of the Bonds, 18 months of capitalized interest on the Bonds will be deposited into the District's Utility Bond Debt Service Fund. See "THE BONDS — Source of Payment." 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 Road System and bonds issued for the Utility System.

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:	\$1.00 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 \$1.00 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. 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.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the 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 2025 Certified Taxable Assessed Valuation as of January 1, 2025 (\$107,138,144) or the estimated assessed value as of December 1, 2025 (\$133,763,655). 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.

Combined Average Annual Debt Service Requirements (2026-2052).....	\$1,097,310
Tax Rate of \$1.08 on the 2025 Certified Taxable Assessed Valuation	\$1,097,310
Tax Rate of \$0.86 on the Estimated Assessed Valuation as of December 1, 2025.....	\$1,097,310
Combined Maximum Annual Debt Service Requirements (2049).....	\$1,243,656
Tax Rate of \$1.22 on the 2025 Certified Taxable Assessed Valuation.....	\$1,243,656
Tax Rate of \$0.98 on the Estimated Assessed Valuation as of December 1, 2025	\$1,243,656

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions.

In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see “DISTRICT DEBT — 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 is an estimation of all 2025 taxes per \$100 of assessed valuation levied by such jurisdictions upon taxable property located within the District in Hunt County, Texas. 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.

<i>Taxing Jurisdiction</i>	<i>2025 Tax Rate</i>
Hunt County	\$ 0.333241
Hunt Memorial Hospital District	0.207241
Community Independent School District	1.207700
The District	<u>1.000000</u>
Total Tax Rate	\$ 2.748182

Set forth below is an estimation of all 2025 taxes per \$100 of assessed valuation levied by such jurisdictions upon taxable property located within in Collin County, Texas. 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.

<i>Taxing Jurisdiction</i>	<i>2025 Tax Rate</i>
Collin County	\$ 0.149343
Collin County Community College District	0.081220
Community Independent School District	1.207700
The District	<u>1.000000</u>
Total Tax Rate	\$ 2.438263

Historical Tax Collections

<i>Tax Year</i>	<i>Assessed Valuation</i>	<i>Tax Rate / \$100</i>	<i>Adjusted Levy</i>	<i>% Collected Current Year</i>	<i>Current Year Ending 5/31</i>	<i>% Collected as of 5/1/2026</i>
2025 ^(a)	\$107,138,144	1.000	\$1,071,381	99.18%	2026	99.18%
2024	46,361,340	1.000	463,613	100.00	2025	100.00
2023	5,096,540	1.000	50,965	100.00	2024	100.00

^(a) Collections are in process. Reflects collections within Collin and Hunt Counties.

Tax Rate Distribution

	<i>2025</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Debt Service	\$ 0.8400	\$ 0.6500	\$ 0.0000	\$ 0.0000
Maintenance & Operation	<u>0.1600</u>	<u>0.3500</u>	<u>1.0000</u>	<u>1.0000</u>
Total	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000

Taxable Assessed Valuation Summary

The following table shows the type of property comprising the 2023, 2024 and 2025 tax rolls as certified by the Appraisal Districts.

<i>Type of Property</i>	<i>2025 Assessed Valuation</i>		
	Hunt County	Collin County	Combined Counties
Land	\$37,373,730	\$ 9,396,000	\$ 47,127,730
Improvements	63,967,542	--	63,967,542
Personal Property	4,880	--	4,880
Productivity Loss	(2,964,370)	--	(2,964,370)
Exemptions	<u>(992,638)</u>	<u>(5,000)</u>	<u>(997,638)</u>
Total	\$ 97,747,144	\$ 9,391,000	\$ 107,138,144

<i>Type of Property</i>	<i>2024 Assessed Valuation</i>		
	Hunt County	Collin County	Combined Counties
Land	\$ 26,597,510	\$ 1,220,000	\$ 27,817,510
Improvements	21,981,840	--	21,981,840
Personal Property	--	--	--
Productivity Loss	(3,402,380)	--	(3,402,380)
Exemptions	<u>(35,630)</u>	<u>--</u>	<u>(35,630)</u>
Total	\$ 45,141,340	\$ 1,220,000	\$ 46,361,340

<i>Type of Property</i>	<i>2023 Assessed Valuation</i>		
	Hunt County	Collin County	Combined Counties
Land	\$ 7,285,510	\$ 1,220,000	\$ 8,505,510
Improvements	--	--	--
Personal Property	--	--	--
Productivity Loss	(3,408,970)	--	--
Exemptions	<u>--</u>	<u>--</u>	<u>(3,408,970)</u>
Total	\$ 3,876,540	\$ 1,220,000	\$ 5,096,540

Principal Taxpayers

The following table shows the top taxpayers within the District based on the 2025 tax roll as certified by the Appraisal Districts.

HUNT COUNTY

<i>Taxpayer</i>	<i>Type of Property</i>	<i>Assessed Valuation 2025 Tax Roll</i>	<i>Percent of District Value</i>
The Developer ^(a)	Land & Improvements	\$21,223,058	21.71%
Homeowner	Land & Improvements	382,560	0.39
Homeowner	Land & Improvements	350,170	0.36
Homeowner	Land & Improvements	347,500	0.36
Homeowner	Land & Improvements	345,040	0.35
Homeowner	Land & Improvements	345,040	0.35
Homeowner	Land & Improvements	344,260	0.35
Homeowner	Land & Improvements	343,860	0.35
Homeowner	Land & Improvements	342,880	0.35
Homeowner	Land & Improvements	<u>342,790</u>	<u>0.35</u>
Total		\$24,367,158	24.93%

^(a) See “THE DEVELOPER AND PRINCIPAL LANDOWNER.”

COLLIN COUNTY

<i>Taxpayer</i>	<i>Type of Property</i>	<i>Assessed Valuation 2025 Tax Roll</i>	<i>Percent of District Value</i>
The Developer ^(a)	Land & Improvements	<u>\$ 9,391,000</u>	<u>100.00%</u>
Total		\$ 9,391,000	100.00%

^(a) See “THE DEVELOPER AND PRINCIPAL LANDOWNER.”

COMBINED COUNTIES

<i>Taxpayer</i>	<i>Type of Property</i>	<i>Assessed Valuation 2025 Tax Roll</i>	<i>Percent of District Value</i>
The Developer ^(a)	Land & Improvements	\$30,614,058	28.57%
Homeowner	Land & Improvements	382,560	0.36
Homeowner	Land & Improvements	350,170	0.33
Homeowner	Land & Improvements	347,500	0.32
Homeowner	Land & Improvements	345,040	0.32
Homeowner	Land & Improvements	345,040	0.32
Homeowner	Land & Improvements	344,260	0.32
Homeowner	Land & Improvements	343,860	0.32
Homeowner	Land & Improvements	342,880	0.32
Homeowner	Land & Improvements	<u>342,790</u>	<u>0.32</u>
Total		\$33,758,158	31.51%

^(a) See “THE DEVELOPER AND PRINCIPAL LANDOWNER.”

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas, Hunt County, Texas, Collin County, Texas, the City, or any political subdivision other than the District, will each be secured by a separate continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied 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

Risks of Real Estate Secured Investments Generally. The owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors. No assurance can be given that the property owners within the District will make full and timely payments of taxes levied against their property by the District and similar taxing authorities in the future.

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry in the Dallas/Fort Worth 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.

Developer and Principal Landowners: There is no commitment by, or legal requirement of, the Developer, the principal landowners within the District, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See “DEVELOPMENT OF THE DISTRICT,” “THE DEVELOPER AND 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,” for the 2025 tax year, the Developer was the District’s top taxpayer for the 2023 tax year and owned taxable property representing approximately 28.57% of the District’s total taxable

assessed valuation. As of March 1, 2026, the Developer has sold and closed 358 homes to individual homeowners within the District. See “THE DEVELOPER AND PRINCIPAL LANDOWNER.” In the event that the Developer, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. 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 Certified Taxable Assessed Valuation of all taxable property located within the District is \$107,138,144 and the District’s Estimated Assessed Valuation as of December 1, 2025, is \$133,763,655. See “TAX DATA.”

After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds is \$1,243,656* (2049), and the average annual debt service requirement the Bonds and the Outstanding Bonds is \$1,097,310* (2026-2052). Assuming no decrease to the District’s 2025 Certified Taxable Assessed Valuation, tax rates of \$1.22 and \$1.08 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the District’s Estimated Assessed Valuation as of December 1, 2025, tax rates of \$0.98 and \$0.86 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively, of the Bonds and the Outstanding Bonds. 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 \$1.00 per \$100 taxable assessed valuation, consisting of \$0.8400 for debt service on the Outstanding Bonds and \$0.1600 for maintenance and operations. Upon closing and delivery of the Bonds, 18 months of capitalized interest on the Bonds will be deposited into the District’s Utility Bond Debt Service Fund. See the caption “THE BONDS—Bond Debt Service Funds.” The District is authorized to levy separate debt service taxes, both of which unlimited as to rate or amount, for road debt and utility debt. 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.

Disasters, Climate Change, Cybersecurity Threats and Other Potential Events

Disasters. In the event of a fire, flood, hurricane, tropical storm, tornado, earthquake, natural disaster, act of terrorism or other cause severely damaging property or infrastructure within the District, there can be no assurance that such property or infrastructure will be rebuilt. In such case, completion of the development within the District or property values for existing property which has been developed could be adversely affected. There can be no assurance that insurance will be properly maintained with adequate coverage or that insurance proceeds will be sufficient or even available to repair or rebuild properties. The restoration of properties may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of insurance proceeds to the reduction of mortgage balances rather than the reconstruction or restoration of damaged facilities. Any of the foregoing circumstances could result in a delay in completion of the development of property within the District or have an adverse impact on property values within the District. Moreover, due to increases of the occurrence of natural disasters in the United States, certain insurance companies providing homeowners insurance have either increased policy premiums or discontinued offering homeowners insurance all together in

* Preliminary, subject to change.

some locations. Increases in homeowners insurance premiums or difficulty in obtaining homeowners insurance all together within the District could impact the Developer's ability to complete and sell homes within the District or affect property owners' ability and willingness to pay property taxes when due.

Climate Change. Numerous studies have described changing weather patterns and the potential for increasing extreme weather events. Property within the District may be vulnerable to flooding, including stormwater flooding, extreme fluctuations in weather temperature, tornadoes and other damaging winds and other severe weather conditions. The timing, extent or severity of climate change and its impact on the property within the District cannot be predicted.

Cybersecurity Threats. Increasingly, governmental entities (such as the District, the County and the State) and private businesses (such as the Developer, as well as contractors, consultants, and other parties critical to the successful development of a project) are targeted by cyberattacks seeking to obtain confidential data, disrupt critical services or seek funds or compensation (ransom) for release of data and systems. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and/or hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruption, access, modification, disclosure or destruction of data (whether to the District, the County, the State, the Developer, or any other parties) could result in delays in development or the application of taxes to the redemption or payment of the Bonds.

Competitive Nature of Residential Housing Market

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

Operating Funds

The District's only source of operating revenue is funds from the Developer, property taxes and increased maintenance tax revenue. The District does not collect water or wastewater revenues from its residents. Maintenance of positive general fund balance will depend upon (1) cash subsidies from the Developer and (2) continued development and increased amounts of maintenance tax revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate.

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 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 years of foreclosure for residential homestead and agricultural use property and within six 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 (hereinafter defined) 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 Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. 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 District's voters have authorized the District's issuance of \$162,569,464 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$243,854,196 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$59,522,963 bonds for the purpose of constructing or acquiring the Road System; and \$89,284,444.50 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The District may authorize additional amounts in the future.

The Bonds are the third series of bonds issued by the District for the Utility System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$150,059,464 principal amount for acquiring or constructing the Utility System; and \$243,854,196 principal amount for the refunding of bonds issued by the District for the Utility System; \$55,402,963 principal amount for acquiring or constructing the Road System; \$89,284,444.50 principal amount for the refunding of bonds issued for the Road System. See "THE BONDS — Issuance of Additional Debt."

The Bond Order 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 for the Utility System, approved by the TCEQ. The District's issuance of the remaining \$150,059,464 principal amount of unlimited tax bonds for

the Utility System shall be subject to prior approval by the TCEQ. The \$55,402,963 principal amount of unlimited tax bonds for acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately \$30.9 million for expenditures to construct the Utility System and the Road System. 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 Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “TAX MATTERS.”

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 District and surrounding area. Under the Clean Air Act (“CAA”) Amendments of 1990, the Dallas-Fort Worth area (“DFW Area”)—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties, and Rockwall County for the purposes of the 2008 Ozone Standards only—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, 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”).

The DFW Area is currently designated a “severe” nonattainment area for purposes of the 2008 Ozone Standard, with an attainment date of July 20, 2027. The “severe” nonattainment classification provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on

the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels. The DFW Area is currently designated a “serious” nonattainment area for purposes of the 2015 Ozone Standard, following a voluntary reclassification from “moderate” to “serious” in 2024, with an attainment deadline of August 3, 2027.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the DFW Area 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 DFW Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the DFW Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the DFW 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 DFW 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.

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), 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. It 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.

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.

On May 25, 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.

While the *Sackett* decision 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.

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.

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.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Legislature may enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The District can make no representations or predictions regarding any actions the Texas Legislature may take or the effect of any such actions.

LEGAL MATTERS

Legal Opinion

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined transcripts of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinions of Coats Rose, P.C., Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court

decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See “TAX MATTERS” below. The legal opinions of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel’s opinion will also address the matters described below. Set forth in Appendix B are the forms of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds.

In addition to serving as Bond Counsel, Coats Rose, P.C., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel. The fees being paid to Disclosure Counsel 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.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for information under the subheadings “— Book-Entry-Only System” and “— Use and Distribution of Utility 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.

No-Litigation Certificate

The District will furnish the Initial Purchaser with 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 Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Tax Exemption

On the date of delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”) for the purpose of determining the alternative minimum tax imposed on corporations, and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. Set forth in Appendix B are the forms of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds.

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

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

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

Rulings were not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinions of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Collateral Federal Income Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof, or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or is in excess of one year (the “Original Issue Discount Bonds”). The difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See “— Tax Exemption” herein for a discussion of certain collateral federal tax consequences.

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner thereof. In addition, interest expense incurred by certain owners that are "financial institutions" within the meaning of such section and which is allocable to tax-exempt obligations acquired after August 7, 1986, is completely disallowed as a deduction for taxable years beginning after December 31, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions and allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as "qualified tax-exempt obligations." An issue may be designated as "qualified tax-exempt obligations" only where the amount of such issue, when added to all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The District, pursuant to the Bond Order, has designated the Bonds “qualified tax-exempt obligations.”

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has 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, audited financial statements and timely notice of specified material events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board (“MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system for such purpose.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT” (excluding the information contained under the subheading “Direct and Estimated Overlapping Debt Statement”), “TAX DATA,” and Appendix A. The District will update and provide this information within six months after the end of each of its fiscal years.

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 and if the audit report becomes available. The District’s current fiscal year end is May 31. Accordingly, it must provide updated information by the last day in November 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 specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) 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 within the meaning of CFR §240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. 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 Order makes 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 Continuing Disclosure Undertakings

The District entered into its first continuing disclosure agreement pursuant to SEC Rule 15c2-12 in connection with its first bond issue in 2024. Thereafter, the District has complied in all material respects with its continuing disclosure agreement made in accordance with SEC Rule 15c2-12.

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 Districts, and other sources

believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the fiscal year ended May 31, 2025, were audited by McGrath & Co., PLLC (the "Auditor"). A copy of such audited financial statements, together with the Auditor's material weakness letter, is attached hereto as Appendix A. The Auditor's material weakness letter identified certain deficiencies in internal control that the Auditor considered to be material weaknesses. The Auditor has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER AND PRINCIPAL LANDOWNER" and "DEVELOPMENT OF THE DISTRICT" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, 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 ROAD SYSTEM," and "THE UTILITY 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 Districts. 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 Districts' authority as an expert in the field of appraisal.

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 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 Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties as of the date shown on the cover page hereof.

President, Board of Directors
Riverfield Municipal Utility District No. 1
of Hunt and Collin Counties

ATTEST:

Secretary, Board of Directors
Riverfield Municipal Utility District No. 1
of Hunt and Collin Counties

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**RIVERFIELD MUNICIPAL
UTILITY DISTRICT NO. 1
OF HUNT AND COLLIN COUNTIES
HUNT AND COLLIN COUNTIES, TEXAS
FINANCIAL REPORT
May 31, 2025**

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties

Hunt and Collin Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the "District"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties, as of May 31, 2025, and the respective changes in financial position thereof 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.

***Board of Directors
Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Hunt and Collin Counties, Texas***

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 budgetary comparison information 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

***Board of Directors
Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Hunt and Collin Counties, Texas***

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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGuire & Co, PLLC

Houston, Texas
September 9, 2025

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Management's Discussion and Analysis

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***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Management's Discussion and Analysis
May 31, 2025***

Using this Annual Report

This section of the financial report of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Management’s Discussion and Analysis
May 31, 2025***

The *Statement of Activities* reports how the District’s net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District’s use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District’s net position at May 31, 2025, was negative \$20,027,172. The District’s net position is negative because the District incurs debt to construct water and sanitary sewer facilities which it conveys to the City of Josephine. A comparative summary of the District’s overall financial position, as of May 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 1,025,501	\$ 51,247
Capital assets	22,999,885	9,746,491
Total assets	24,025,386	9,797,738
Current liabilities	84,111	67,949
Long-term liabilities	43,968,447	22,670,110
Total liabilities	44,052,558	22,738,059
Net position		
Net investment in capital assets	(1,378,321)	(318,674)
Restricted	564,998	
Unrestricted	(19,213,849)	(12,621,647)
Total net position	\$ (20,027,172)	\$ (12,940,321)

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Management's Discussion and Analysis
May 31, 2025***

The total net position of the District decreased during the current fiscal year by \$7,086,851. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes, penalties and interest	\$ 463,061	\$ 50,967
Other	28,443	
Total revenues	<u>491,504</u>	<u>50,967</u>
Expenses		
Operating and administrative	133,975	169,859
Debt interest and fees	159,281	
Developer interest	303,867	
Debt issuance costs	331,939	
Depreciation	442,642	217,279
Total expenses	<u>1,371,704</u>	<u>387,138</u>
Change in net position before other items	(880,200)	(336,171)
Other items		
Transfers to other governments	<u>(6,206,651)</u>	<u>(4,869,665)</u>
Change in net position	(7,086,851)	(5,205,836)
Net position, beginning of year	<u>(12,940,321)</u>	<u>(7,734,485)</u>
Net position, end of year	<u>\$ (20,027,172)</u>	<u>\$ (12,940,321)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2025, were \$992,649, which consists of \$108,455 in the General Fund, \$616,306 in the Debt Service Fund and \$267,888 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Total assets	<u>\$ 139,479</u>	<u>\$ 51,247</u>
Total liabilities	\$ 30,975	\$ 67,949
Total deferred inflows	49	932
Total fund balance	<u>108,455</u>	<u>(17,634)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 139,479</u>	<u>\$ 51,247</u>

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Management’s Discussion and Analysis
May 31, 2025***

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 163,956	\$ 50,035
Total expenditures	(132,867)	(270,878)
Revenues over/(under) expenditures	31,089	(220,843)
Other changes in fund balance	95,000	215,519
Net change in fund balance	\$ 126,089	\$ (5,324)

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- The District’s developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of May 31, 2025, is as follows:

Total assets	\$ 617,491
Total liabilities	\$ 1,094
Total deferred inflows	91
Total fund balance	616,306
Total liabilities, deferred inflows and fund balance	\$ 617,491

A summary of activities of the Debt Service Fund for the current fiscal year is as follows:

Total revenues	\$ 318,621
Total expenditures	(108,990)
Revenues over expenditures	209,631
Other changes in fund balance	406,675
Net change in fund balance	\$ 616,306

The District’s financial resources in the Debt Service Fund are from property tax revenues and capitalized interest from the sale of bonds. It is important to note that the District sets its annual debt

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
 Management’s Discussion and Analysis
 May 31, 2025***

service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements. The difference between these financial resources and debt service requirements resulted in an increase in fund balance.

Capital Projects Fund

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District’s Series 2024 Unlimited Tax Utility Bonds. A summary of the financial position of the Capital Projects Fund as of May 31, 2025, is as follows:

Total assets	<u>\$ 268,531</u>
Total liabilities	\$ 643
Total fund balance	<u>267,888</u>
Total liabilities and fund balance	<u>\$ 268,531</u>

A summary of activities of the Capital Projects Fund for the current fiscal year is as follows:

Total revenues	\$ 9,719
Total expenditures	<u>(3,654,156)</u>
Revenues under expenditures	(3,644,437)
Other changes in fund balance	<u>3,912,325</u>
Net change in fund balance	<u>\$ 267,888</u>

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$126,089 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into a financing agreement with its developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District’s financial statements upon completion of construction.

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Management’s Discussion and Analysis
May 31, 2025***

Capital assets held by the District at May 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 8,399,667	\$ 2,135,674
Capital assets being depreciated		
Drainage facilities	9,988,354	7,974,912
Roads	5,418,601	
	15,406,955	7,974,912
Less accumulated depreciation		
Drainage facilities	(626,117)	(364,095)
Roads	(180,620)	
	(806,737)	(364,095)
Depreciable capital assets, net	14,600,218	7,610,817
Capital assets, net	\$ 22,999,885	\$ 9,746,491

Capital asset additions during the current fiscal year include the following:

- Riverfield Phases 2, 3 and 4 – earthwork
- Riverfield Phase 2 – paving
- Riverfield Phase 3 – drainage
- Riverfield Phase 3 – paving

Additionally, certain capital assets constructed by the District are conveyed to the City of Josephine. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developer is reimbursed. For the year ended May 31, 2025, capital assets in the amount of \$6,206,651 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of May 31, 2025, the District owes approximately \$39,563,447 to the developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District’s financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of \$31,400,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
 Management’s Discussion and Analysis
 May 31, 2025***

During the current fiscal year, the District issued \$4,405,000 in unlimited tax bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of May 31, 2024.

At May 31, 2025, the District had \$158,164,464 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$243,854,196 for the refunding of such bonds; and \$59,522,963 for road improvements and \$89,284,445 for the refunding of such bonds.

Property Taxes

The District’s property tax base increased approximately \$60,868,000 for the 2025 tax year from \$46,269,965 to \$107,138,144. This increase was primarily due to new construction in the District.

Next Year’s Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next fiscal year’s budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 163,956	\$ 340,350
Total expenditures	<u>(132,867)</u>	<u>(200,197)</u>
Revenues over expenditures	31,089	140,153
Other changes in fund balance	95,000	
Net change in fund balance	126,089	140,153
Beginning fund balance	<u>(17,634)</u>	<u>108,455</u>
Ending fund balance	<u><u>\$ 108,455</u></u>	<u><u>\$ 248,608</u></u>

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Basic Financial Statements

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 110,709	\$ 646,121	\$ 268,531	\$ 1,025,361	\$ -	\$ 1,025,361
Taxes receivable	49	91		140		140
Internal balances	28,721	(28,721)				
Capital assets not being depreciated					8,399,667	8,399,667
Capital assets, net					14,600,218	14,600,218
Total Assets	<u>\$ 139,479</u>	<u>\$ 617,491</u>	<u>\$ 268,531</u>	<u>\$ 1,025,501</u>	<u>22,999,885</u>	<u>24,025,386</u>
Liabilities						
Accounts payable	\$ 30,975	\$ -	\$ 643	\$ 31,618		31,618
Other payables		1,094		1,094		1,094
Accrued interest payable					51,399	51,399
Due to developer					39,563,447	39,563,447
Long-term debt						
Due after one year					4,405,000	4,405,000
Total Liabilities	<u>30,975</u>	<u>1,094</u>	<u>643</u>	<u>32,712</u>	<u>44,019,846</u>	<u>44,052,558</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>49</u>	<u>91</u>		<u>140</u>	<u>(140)</u>	
Fund Balances/Net Position						
Fund Balances						
Restricted		616,306	267,888	884,194	(884,194)	
Unassigned	108,455			108,455	(108,455)	
Total Fund Balances	<u>108,455</u>	<u>616,306</u>	<u>267,888</u>	<u>992,649</u>	<u>(992,649)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 139,479</u>	<u>\$ 617,491</u>	<u>\$ 268,531</u>	<u>\$ 1,025,501</u>		
Net Position						
Net investment in capital assets					(1,378,321)	(1,378,321)
Restricted for debt service					564,998	564,998
Unrestricted					(19,213,849)	(19,213,849)
Total Net Position					<u>\$ (20,027,172)</u>	<u>\$ (20,027,172)</u>

See notes to basic financial statements.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 162,828	\$ 300,664	\$ -	\$ 463,492	\$ (792)	\$ 462,700
Penalties and interest		361		361		361
Investment earnings	1,128	17,596	9,719	28,443		28,443
Total Revenues	163,956	318,621	9,719	492,296	(792)	491,504
Expenditures/Expenses						
Operating and administrative						
Professional fees	89,649			89,649		89,649
Contracted services	12,903	1,028		13,931		13,931
Administrative	14,465			14,465		14,465
Other	15,850	80		15,930		15,930
Capital outlay			3,018,350	3,018,350	(3,018,350)	
Debt service						
Interest and fees		107,882		107,882	51,399	159,281
Developer interest			303,867	303,867		303,867
Debt issuance costs			331,939	331,939		331,939
Depreciation					442,642	442,642
Total Expenditures/Expenses	132,867	108,990	3,654,156	3,896,013	(2,524,309)	1,371,704
Revenues Over/(Under)						
Expenditures/Expenses	31,089	209,631	(3,644,437)	(3,403,717)	2,523,517	(880,200)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		406,675	3,998,325	4,405,000	(4,405,000)	
Developer advances	95,000			95,000	(95,000)	
Repayment of operating advances			(86,000)	(86,000)	86,000	
Other Items						
Transfers to other governments					(6,206,651)	(6,206,651)
Net Change in Fund Balances	126,089	616,306	267,888	1,010,283	(1,010,283)	
Change in Net Position					(7,086,851)	(7,086,851)
Fund Balance/Net Position						
Beginning of the year	(17,634)			(17,634)	(12,922,687)	(12,940,321)
End of the year	\$ 108,455	\$ 616,306	\$ 267,888	\$ 992,649	\$ (21,019,821)	\$ (20,027,172)

See notes to basic financial statements.

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Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was created by the division of Double R Municipal Utility District No. 2 of Hunt County (“Double R No. 2”) which was created and established pursuant Senate Bill 2057, 84th Texas Legislature Regular Session, codified at Chapter 7956, Texas Special District Local Laws Code dated September 1, 2015, under Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code. Double R No. 2 adopted an Order Dividing District which divided Double R No. 2 into three districts: the District, Double R Municipal Utility District No. 2A of Hunt and Collin Counties, and Riverfield Municipal Utility District No. 2 of Hunt County and assigned to the District all rights and obligations. The Board of Directors held its first meeting on August 3, 2021, and the District’s creation was confirmed at an election held May 6, 2023. The first bonds were issued on August 20, 2024.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities, and road improvements. As further discussed in Note 11, the District transfers the water and sewer facilities to the City of Josephine for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal sources of revenue are property and developer advances. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full 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 revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District’s capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of drainage and road facilities, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Drainage facilities	45 years
Roads	30 years

The District’s detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Josephine and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$	992,649
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 23,806,622	
Less accumulated depreciation	(806,737)	
		22,999,885

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Accrued interest payable	(51,399)	
Due to developer	(39,563,447)	
Bonds payable	(4,405,000)	
		(44,019,846)

Deferred inflows in the fund statements consist of property taxes receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

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Total net position - governmental activities	\$	(20,027,172)
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Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ 1,010,283

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes. (792)

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 3,018,350	
Transfers to other governments	(6,206,651)	
Depreciation expense	(442,642)	
		(3,630,943)

Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(4,405,000)	
Developer advances	(95,000)	
Repayment of developer advances	86,000	
Interest expense accrual	(51,399)	
		(4,465,399)

Change in net position of governmental activities \$ (7,086,851)

Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. This new guidance had no effect on the District’s financial statements during the current fiscal year.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Note 5 – Interfund Balances

Amounts due to/from other funds at May 31, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 28,721	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 2,135,674	\$ 6,263,993	\$ 8,399,667
Capital assets being depreciated			
Drainage facilities	7,974,912	2,013,442	9,988,354
Roads		5,418,601	5,418,601
	<u>7,974,912</u>	<u>7,432,043</u>	<u>15,406,955</u>
Less accumulated depreciation			
Drainage facilities	(364,095)	(262,022)	(626,117)
Roads		(180,620)	(180,620)
	<u>(364,095)</u>	<u>(442,642)</u>	<u>(806,737)</u>
Subtotal depreciable capital assets, net	<u>7,610,817</u>	<u>6,989,401</u>	<u>14,600,218</u>
Capital assets, net	<u>\$ 9,746,491</u>	<u>\$ 13,253,394</u>	<u>\$ 22,999,885</u>

Depreciation expense for the current fiscal year was \$442,642.

Note 7 – Due to Developer

The District has entered into a financing agreement with its developer for the financing of the construction of water, sewer, drainage and road improvements. Under the agreement, the developer will construct facilities on behalf of the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are tried up when the developer is reimbursed.

The District’s developer has also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developer during the fiscal year are as follows:

Due to developer, beginning of year	\$ 22,670,110
Developer reimbursements	(3,018,350)
Developer funded construction and adjustments	19,902,687
Operating advances from developer	95,000
Repayment of operating advances	<u>(86,000)</u>
Due to developer, end of year	<u>\$ 39,563,447</u>

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

In addition, the District will owe the developer approximately \$31,400,000 which is included in the following schedule of contractual commitments. Each of these projects is at varying stages of construction. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract* Amount
Riverfield Phase 4 - paving	\$ 3,530,000
0.5 MGD elevated storage tank	3,990,000
NTMWD Takepoint meter vault	1,950,000
1.0 MGD Wastewater treatment plant	21,930,000
	\$ 31,400,000

*Rounded to the nearest \$10,000

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 4,405,000
Due within one year	\$ -

The District’s bonds payable at May 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2024	\$ 4,405,000	\$ 4,405,000	4.25% - 6.75%	September 1, 2027/2049	September 1, March 1	September 1, 2029

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At May 31, 2025, the District had \$158,164,464 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing, and improving the water, sanitary sewer and drainage systems within the District and \$243,854,196 for the refunding of such bonds; and \$59,522,963 for road improvements and \$89,284,445 for the refunding of such bonds.

On August 20, 2024, the District issued its \$4,405,000 Series 2024 Unlimited Tax Utility Bonds at a net effective interest rate of 4.577508%. Proceeds of the bonds were used to (1) to reimburse its developer for the following: the construction of capital assets within the District; engineering and

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

other costs associated with the construction of capital assets; and operating advances, (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$	-
Bonds issued		4,405,000
Bonds payable, end of year	<u>\$</u>	<u>4,405,000</u>

As of May 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ -	\$ 203,338	\$ 203,338
2027		203,338	203,338
2028	95,000	200,131	295,131
2029	100,000	193,550	293,550
2030	105,000	186,631	291,631
2031	110,000	179,375	289,375
2032	120,000	172,438	292,438
2033	125,000	166,556	291,556
2034	135,000	161,031	296,031
2035	140,000	155,188	295,188
2036	150,000	149,025	299,025
2037	160,000	142,438	302,438
2038	165,000	135,531	300,531
2039	180,000	128,200	308,200
2040	190,000	120,338	310,338
2041	200,000	112,050	312,050
2042	210,000	103,075	313,075
2043	225,000	93,288	318,288
2044	240,000	82,825	322,825
2045	250,000	71,800	321,800
2046	265,000	60,213	325,213
2047	285,000	48,016	333,016
2048	300,000	35,218	335,218
2049	320,000	21,655	341,655
2050	335,000	7,327	342,327
	<u>\$ 4,405,000</u>	<u>\$ 3,132,575</u>	<u>\$ 7,537,575</u>

Note 9 – Property Taxes

On May 6, 2023, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Hunt County and Collin Central Appraisal Districts. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.00 per \$100 of assessed value, of which \$0.35 was allocated to maintenance and operations and \$0.65 was allocated to debt service. The resulting tax levy was \$462,700 on the adjusted taxable value of \$46,269,965.

Note 10 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Josephine (the "City"), the District transfers all of its water and sewer facilities to the City (see Note 11). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended May 31, 2025, the District reported transfers to other governments in the amount of \$6,206,651 for projects completed and transferred to the City and developer reimbursements for projects completed in previous fiscal years.

Note 11 – Wastewater Reuse Agreement with the City of Josephine

On April 10, 2023, the District entered into a wastewater reuse agreement with Riverfield Municipal Utility District No. 2 of Hunt County (together, the "MUD's") and the City of Josephine (the "City") for construction and extension of the MUD's water treatment plants and reclaimed water system. The MUDs agreed to share the costs associated with the construction of the reclaimed water system on a prorated basis based on each of the MUDs' proportionate share of the acreage contained within the service area, and as the system is acquired or constructed, the MUD's shall transfer the system to the City and the City shall provide reclaimed water to the MUDs at no charge as long as the reclaimed water is needed for beneficial use by the MUD's within the service area. This agreement will continue indefinitely unless otherwise terminated.

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Financial Statements
May 31, 2025

Note 13 – Concentration of Risk

Approximately 32% of the taxable property within the District is owned by the top 10 taxpayers. Since property taxes are the primary source of revenue for both the General Fund and the Debt Service Fund, the ability of these taxpayers to continue to pay their property taxes is an important factor in the District's ability to meet its future obligations.

Note 14 – Subsequent Event

On July 9, 2025, the District issued its \$5,980,000 Series 2025 Unlimited Tax Utility Bonds at a net effective rate of 5.053612% and its \$4,120,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 5.055447%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure and road improvements in the District.

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Required Supplementary Information

*Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended May 31, 2025*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 15,000	\$ 162,828	\$ 147,828
Investment earnings		1,128	1,128
Total Revenues	<u>15,000</u>	<u>163,956</u>	<u>148,956</u>
Expenditures			
Operating and administrative			
Professional fees	123,500	89,649	33,851
Contracted services	7,200	12,903	(5,703)
Administrative	15,860	14,465	1,395
Other	15,400	15,850	(450)
Total Expenditures	<u>161,960</u>	<u>132,867</u>	<u>29,093</u>
Revenues Over/(Under) Expenditures	(146,960)	31,089	178,049
Other Financing Sources			
Developer advances	<u>146,960</u>	<u>95,000</u>	<u>(51,960)</u>
Net Change in Fund Balance		126,089	126,089
Fund Balance			
Beginning of the year	<u>(17,634)</u>	<u>(17,634)</u>	
End of the year	<u>\$ (17,634)</u>	<u>\$ 108,455</u>	<u>\$ 126,089</u>

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
Notes to Required Supplementary Information
May 31, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties

TSI-1. Services and Rates

May 31, 2025

1. Services provided by the District During the Fiscal Year:

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste / Garbage | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks / Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input type="checkbox"/> Other (Specify): <u>Water and Wastewater services shall be provided by the City of Josephine</u> | | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-1. Services and Rates
May 31, 2025

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>N/A</u>	<u>N/A</u>

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

Does the District have Debt Service 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

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Hunt and Collin Counties

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

City(ies) in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Josephine

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-2. General Fund Expenditures
For the Year Ended May 31, 2025

Professional fees	
Legal	\$ 78,370
Audit	12,000
Engineering	(721)
	<u>89,649</u>
Contracted services	
Bookkeeping	11,973
Tax assessor/collector	930
	<u>12,903</u>
Administrative	
Directors fees	7,514
Insurance	3,245
Other	3,706
	<u>14,465</u>
Other	<u>15,850</u>
Total expenditures	<u>\$ 132,867</u>

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-4. Taxes Levied and Receivable
May 31, 2025

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 932	\$ -	\$ 932
2024 Original Tax Levy	162,265	301,349	463,614
Adjustments	(320)	(594)	(914)
Adjusted Tax Levy	161,945	300,755	462,700
Total to be accounted for	162,877	300,755	463,632
Tax collections:			
Current year	161,896	300,664	462,560
Prior years	932		932
Total Collections	162,828	300,664	463,492
Taxes Receivable, End of Year	\$ 49	\$ 91	\$ 140
Taxes Receivable, By Years			
2024	\$ 49	\$ 91	\$ 140
		2024	2023
Property Valuations:			
Land		\$ 27,817,510	\$ 8,505,510
Improvements		21,981,840	
Exemptions		(3,529,385)	(3,408,970)
Total Property Valuations		\$ 46,269,965	\$ 5,096,540
Tax Rates per \$100 Valuation:			
Maintenance tax rates		\$ 0.35	\$ 1.00
Debt service tax rates		0.65	
Total Tax Rates per \$100 Valuation		\$ 1.00	\$ 1.00
Adjusted Tax Levy:		\$ 462,700	\$ 50,965
Percentage of Taxes Collected to Taxes Levied **		99.97%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on May 6, 2023

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 203,338	\$ 203,338
2027		203,338	203,338
2028	95,000	200,131	295,131
2029	100,000	193,550	293,550
2030	105,000	186,631	291,631
2031	110,000	179,375	289,375
2032	120,000	172,438	292,438
2033	125,000	166,556	291,556
2034	135,000	161,031	296,031
2035	140,000	155,188	295,188
2036	150,000	149,025	299,025
2037	160,000	142,438	302,438
2038	165,000	135,531	300,531
2039	180,000	128,200	308,200
2040	190,000	120,338	310,338
2041	200,000	112,050	312,050
2042	210,000	103,075	313,075
2043	225,000	93,288	318,288
2044	240,000	82,825	322,825
2045	250,000	71,800	321,800
2046	265,000	60,213	325,213
2047	285,000	48,016	333,016
2048	300,000	35,218	335,218
2049	320,000	21,655	341,655
2050	335,000	7,327	342,327
	<u>\$ 4,405,000</u>	<u>\$ 3,132,575</u>	<u>\$ 7,537,575</u>

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-6. Change in Long-Term Bonded Debt
May 31, 2025

	<u>Bond Issue</u> <u>Series 2024</u>
Interest rate	4.25% - 6.75%
Dates interest payable	9/1; 3/1
Maturity dates	9/1/27 - 9/1/49
Beginning bonds outstanding	\$ -
Bonds issued	<u>4,405,000</u>
Ending bonds outstanding	<u>\$ 4,405,000</u>
Interest paid during fiscal year	<u>\$ 107,882</u>
Paying agent's name and city	
All series	<u>BOKF, NA, Dallas, Texas</u>

	<u>Water, Sewer and Drainage Bonds</u>	<u>Water, Sewer and Drainage Refunding Bonds</u>	<u>Road Bonds</u>	<u>Road Refunding Bonds</u>
Bond Authority:				
Amount Authorized by Voters	\$ 162,569,464	\$ 243,854,196	\$ 59,522,963	\$ 89,284,445
Amount Issued	<u>(4,405,000)</u>			
Remaining To Be Issued	<u>\$ 158,164,464</u>	<u>\$ 243,854,196</u>	<u>\$ 59,522,963</u>	<u>\$ 89,284,445</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of May 31, 2025:	<u>\$ 646,121</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 301,503</u>

See accompanying auditor's report.

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022**	2021**
Revenues					
Property taxes	\$ 162,828	\$ 50,035	\$ -	\$ -	\$ -
Investment earnings	1,128				
Total Revenues	163,956	50,035			
Expenditures					
Operating and administrative					
Professional fees	89,649	141,628	45,097	24,164	1,084
Contracted services	12,903	6,391	2,972		
Repairs and maintenance		15,590	4,048	2,925	
Administrative	14,465				
Other	15,850	6,250	845	175	
Capital outlay		101,019			
Total Expenditures	132,867	270,878	52,962	27,264	1,084
Revenues Over/(Under) Expenditures	\$ 31,089	\$ (220,843)	\$ (52,962)	\$ (27,264)	\$ (1,084)

*Percentage is negligible

** Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022**	2021**
99%	100%	-%	-%	-%
1%				
100%	100%	-	-	-
55%	283%	-	-	-
8%	13%	-	-	-
	31%	-	-	-
9%				
10%	12%	-	-	-
	202%			
82%	541%	-	-	-
18%	(441%)	-%	-%	-%

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year

	Amounts	Percent of Fund Total Revenues
	2025	2025
Revenues		
Property taxes	\$ 300,664	94%
Penalties and interest	361	*
Investment earnings	17,596	6%
Total Revenues	<u>318,621</u>	<u>100%</u>
Expenditures		
Tax collection services	1,028	*
Other	80	*
Debt service		
Interest and fees	<u>107,882</u>	<u>34%</u>
Total Expenditures	<u>108,990</u>	<u>34%</u>
Revenues Over Expenditures	<u>\$ 209,631</u>	<u>66%</u>

*Percentage is negligible

See accompanying auditor's report.

***Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2025***

Complete District Mailing Address: 16000 North Dallas Parkway, Suite 350, Dallas, TX 75248
 District Business Telephone Number: (972) 788-1600
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): April 23, 2024
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.060)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid *</u>	<u>Expense Reimburse- ments</u>	<u>Title at Year End</u>
Board Members				
Mark Miller	05/24 - 05/28	\$ 1,989	\$ 95	President
David Lord	05/24 - 05/28	884	75	Vice President
Matt Trulock	05/23 - 05/26	1,768	234	Secretary
Donald Martinek	05/23 - 05/26	1,326	416	Assistant Secretary
Timothy Miller	04/24 - 05/26	1,547	115	Assistant Secretary
Consultants				
Coats Rose, P.C.	08/21	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 86,976		
<i>Bond counsel</i>		101,180		
L&S District Services, LLC	08/21	14,560		Bookkeeper
Hunt County Tax Assessor/Collector	06/23	522		Tax Collector
Collin County Tax Assessor/Collector	06/23	506		Tax Collector
Hunt County Appraisal District	Legislation	847		Property Valuation
Collin Central Appraisal District	Legislation	83		Property Valuation
JBI Partners, Inc.	08/21	26,070		Engineer
McGrath & Co., PLLC	Annual	20,000		Auditor
Tierra Financial Advisors	08/21	45,461		Financial Advisor

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

See accompanying auditor's report.

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

September 9, 2025

Board of Directors

Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties

Hunt and Collin Counties, Texas

In planning and performing our audit of the financial statements of governmental activities and each major fund of Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the "District"), as of and for the year ended May 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal controls exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

The District's management consists of an elected Board of Directors (the "Directors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

Material Weaknesses

We observed the following matters that we consider to be material weaknesses:

- As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. This could result in the District's financial statements and related note disclosures not fully or accurately presenting the District's financial position and changes in financial position during the fiscal year in conformity with accounting principles generally accepted in the United States of America.

- During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on both the fund basis and the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments could result in misstatements in the District's financial statements.
- The District's Management relies on the District's auditor to prepare the capital asset schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function could result in the understatement or overstatement of capital assets and due to developer on the District's *Statement of Net Position* or an error in the amount reported as depreciation expense in the *Statement of Activities*.

Management's Response

The District's financial statements have been prepared in a manner that is consistent with prior years. The Board engages a bonded bookkeeper who possesses industry knowledge and expertise, including a concentration in special districts accounting. The Board also engages a financial advisor and tax assessor/collector who possess industry knowledge and expertise, as well as legal and professional engineering services. The Board has consulted with its independent auditor concerning this "management letter" and the auditor does not recommend any change in the Board's bookkeeping or audit procedures at this time. To the best of its knowledge, the Board conducts the District's business affairs in the same manner as other similarly situated special districts, and, based on the recommendations of its auditor, does not believe that the addition of an employee to oversee the monthly and annual financial reporting process or to prepare financial statements or that undertaking an additional annual audit is necessary or cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



McGrath & Co., PLLC-CPAs
Houston, Texas

APPENDIX B
FORM OF OPINION OF BOND COUNSEL

COATS | ROSE

A PROFESSIONAL CORPORATION

[CLOSING DATE]

WE HAVE ACTED as bond counsel in connection with the issuance by Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties (the "District") of its bonds styled "Riverfield Municipal Utility District No. 1 of Hunt and Collin Counties Unlimited Tax Utility Bonds, Series 202_" (the "Bonds") dated _____, 202_, issued in the aggregate principal amount of \$_____, maturing on [MARCH/SEPTEMBER] 1, in the years 20__ through 20__. The Bonds maturing on [MARCH/SEPTEMBER] 1, 20__ 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 _____, 20__, or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

THE BONDS BEAR INTEREST from [DATE] (the "Delivery Date") or from the most recent interest payment date to which interest has been paid or duly provided for with such interest being payable on [MARCH/SEPTEMBER] 1, 20__ and semiannually thereafter on each [MARCH/SEPTEMBER] 1 and [MARCH/SEPTEMBER] 1 thereafter to maturity (each an "Interest Payment Date"), at the following interest rates for the respective maturity dates of the Bonds:

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%
\$ _____	20__	_____%

The Term Bonds are subject to mandatory redemption on [MARCH/SEPTEMBER] 1 in the years and in the amounts set forth below (subject to reduction by optional redemption as herein provided) at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption plus accrued interest to the date fixed for redemption:

16000 NORTH DALLAS PARKWAY, SUITE 350, DALLAS, TEXAS 75248
PHONE: (972) 788-1600 FAX: (972) 702-0662
coatsrose.com

HOUSTON | AUSTIN | DALLAS | CINCINNATI

\$ _____
Term Bond

Due: [MARCH/SEPTEMBER] 1, 20__
Interest Rate: _____%

<u>Principal Amount</u>	<u>Redemption Date</u>
\$ _____	[MARCH/SEPTEMBER] 1, 20__
\$ _____	[MARCH/SEPTEMBER] 1, 20__

\$ _____
Term Bond

Due: [MARCH/SEPTEMBER] 1, 20__
Interest Rate: _____%

<u>Principal Amount</u>	<u>Redemption Date</u>
\$ _____	[MARCH/SEPTEMBER] 1, 20__
\$ _____	[MARCH/SEPTEMBER] 1, 20__
\$ _____	[MARCH/SEPTEMBER] 1, 20__

Said interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months, and shall be payable on [MARCH/SEPTEMBER] 1, 20__, and semi-annually thereafter on [MARCH/SEPTEMBER] 1 and [MARCH/SEPTEMBER] 1 of each year until maturity of the pertinent Bond.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of materials pertaining to the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Board of Directors of the District, including, among other things, an order authorizing the issuance of the Bonds (the "Bond Order"), together with certificates of officers, agents and representatives of the District and other documents relating to the authorization and issuance of the Bonds. We have also reviewed and examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, court decisions, and rulings of the Internal Revenue Service and such other materials as we deemed necessary to render the opinions hereinafter expressed.

BASED ON SUCH EXAMINATION, WE ARE OF THE OPINION THAT:

1. The Bonds have been duly authorized and issued in conformity with the Constitution and laws of the State of Texas now in force and are valid and legally binding obligations of the District, enforceable in accordance with the terms and conditions set forth therein, except to the extent that the enforcement of the rights and remedies of the holders of the Bonds may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

2. The Bonds are payable, as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, on all taxable property in the District non-exempt from taxation by or under applicable law. Furthermore, the District is required to levy and assess, for each year while any of the Bonds are outstanding, an ad valorem tax on all taxable property within the District sufficient to pay interest on and the maturing principal of the Bonds, and the expenses of assessing and collecting such tax, as provided in the Bond Order.

3. Interest on the Bonds is excludable from gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to section 103 of the Code and existing regulations, court decisions, and rulings, assuming continuing compliance by the District with the provisions of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Bonds are not "private activity bonds" within the meaning of the Code, as amended.

In providing the foregoing opinions, we have relied upon representations of the District with respect to matters solely within the knowledge of the District, which we have not independently verified, and we have assumed the accuracy and completeness of, and the District's continuing compliance with, the representations and covenants contained in the Bond Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing provisions of the Bond Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion with respect to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. The law upon which this opinion is based is subject to change by the Congress and the Department of the Treasury and by subsequent judicial and administrative interpretation. There can be no assurance that such law or the interpretation thereof will not be changed in a manner that would adversely affect the tax treatment of ownership of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to financial institutions, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, owners of interests in a FASIT, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Collin County, Hunt County, the City of Josephine, or any other entity.

[CR SIGNATURE]

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Initial Purchaser believe to be reliable, but neither the District nor the Initial Purchaser takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

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, physical 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, bonds will be printed and delivered to DTC.

THE PAYING AGENT/REGISTRAR, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.