DALLAS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A political subdivision of the State of Texas located within Dallas County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: JUNE 24, 2026

$5,870,000
UNLIMITED TAX UTILITY BONDS,
SERIES 2026

$3,265,000
UNLIMITED TAX ROAD BONDS,
SERIES 2026

UTILITY BONDS BIDS TO BE SUBMITTED BY: 10:00 A.M., CENTRAL TIME
THURSDAY, JULY 2, 2026

ROAD BONDS BIDS TO BE SUBMITTED BY: 10:00 A.M., CENTRAL TIME
THURSDAY, JULY 2, 2026

BONDS TO BE AWARDED: 12:00 P.M., CENTRAL TIME
THURSDAY, JULY 2, 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.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 24, 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."

DALLAS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

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

\$5,870,000 **Unlimited Tax Utility Bonds, Series 2026**	**\$3,265,000** **Unlimited Tax Road Bonds, Series 2026**

Dated: August 1, 2026 **Due: March 1, as shown on inside cover page**

The $5,870,000 Unlimited Tax Utility Bonds, Series 2026 (the "Utility Bonds") and the $3,265,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds" and, together with the Utility Bonds, the "Bonds"), are obligations of Dallas County Municipal Utility District No. 4 (the "District") and are not obligations of the State of Texas; Dallas County, Texas; the City of Dallas, 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; Dallas County, Texas; the City of Dallas, 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, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated August 1, 2026, and interest on the Bonds accrues from the date of their delivery, currently scheduled for August 10, 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 Utility 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 Road Bonds represent the third series of bonds to be issued for the purposes of 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 $61,700,000 in principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System, $92,550,000 in principal amount of unlimited tax bonds for refunding bonds issued by the District for the Utility System, $42,180,000 in principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System, and $63,270,000 in principal amount of unlimited tax bonds for refunding bonds issued for the Road System.

When issued, the Utility Bonds and the Road Bonds will constitute valid and binding obligations of the District and will each be payable from the proceeds of separate annual ad valorem taxes, 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, as 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 August 10, 2026.

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

$5,870,000 Unlimited Tax Utility Bonds, Series 2026

Maturity (March 1)	***Principal Amount****	***Interest Rate***	***Initial Reoffering Yield[(a)]***	***CUSIP No. 234696[(b)]***
2028	$130,000			
2029	140,000			
2030	145,000			
2031	155,000			
2032[(c)]	160,000			
2033[(c)]	170,000			
2034[(c)]	175,000			
2035[(c)]	185,000			
2036[(c)]	195,000			
2037[(c)]	205,000			
2038[(c)]	215,000			
2039[(c)]	225,000			
2040[(c)]	235,000			
2041[(c)]	250,000			
2042[(c)]	260,000			
2043[(c)]	275,000			
2044[(c)]	290,000			
2045[(c)]	300,000			
2046[(c)]	315,000			
2047[(c)]	335,000			
2048[(c)]	350,000			
2049[(c)]	370,000			
2050[(c)]	385,000			
2051[(c)]	405,000			

* *Preliminary, subject to change.*

(a) The initial reoffering yield has been provided by the Utility Bonds Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Utility 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. 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) Utility Bonds maturing on March 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 March 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."

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

$3,265,000 Unlimited Tax Road Bonds, Series 2026

Maturity (March 1)	*Principal Amount*[*]	*Interest Rate*	*Initial Reoffering Yield*[(a)]	*CUSIP No. 234696*[(b)]
2028	$ 75,000			
2029	75,000			
2030	80,000			
2031	85,000			
2032[(c)]	90,000			
2033[(c)]	95,000			
2034[(c)]	100,000			
2035[(c)]	105,000			
2036[(c)]	110,000			
2037[(c)]	115,000			
2038[(c)]	120,000			
2039[(c)]	125,000			
2040[(c)]	130,000			
2041[(c)]	140,000			
2042[(c)]	145,000			
2043[(c)]	150,000			
2044[(c)]	160,000			
2045[(c)]	165,000			
2046[(c)]	175,000			
2047[(c)]	185,000			
2048[(c)]	195,000			
2049[(c)]	205,000			
2050[(c)]	215,000			
2051[(c)]	225,000			

* *Preliminary, subject to change.*

(a) The initial reoffering yield has been provided by the Road Bonds Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Road 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. 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) Road Bonds maturing on March 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 March 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.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS I
  Award of the Bonds I
  Prices and Marketability I
  Securities Laws I
MUNICIPAL BOND INSURANCE II
NO RATING II
OFFICIAL STATEMENT SUMMARY III
SELECTED FINANCIAL INFORMATION IX
INTRODUCTION 1
RELATIONSHIP AMONG THE PARTIES 1
THE BONDS 2
  General 2
  Book-Entry-Only System 2
  Successor Paying Agent/Registrar 2
  Registration, Transfer and Exchange 2
  Redemption of the Bonds 3
  Record Date for Interest Payment 3
  Mutilated, Lost, Stolen or Destroyed Bonds 4
  Annexation 4
  Consolidation 4
  Authority for Issuance 4
  Bond Debt Service Funds 5
  Source of Payment 5
  Outstanding Bonds 5
  Payment Record 6
  Issuance of Additional Debt 6
  No Arbitrage 7
  Defeasance 7
  Legal Investment and Eligibility to Secure Public Funds in Texas 8
  Amendments to the Bond Orders 8
  Registered Owners' Remedies 8
  Use and Distribution of Utility Bond Proceeds 10
  Use and Distribution of Road Bond Proceeds 11
THE DISTRICT 11
  Authority 11
  Description 11
  Management of the District 12
  Investment Policy 12
  Consultants 12
THE DEVELOPER AND PRINCIPAL LANDOWNER 13
  Role of the Developer 13
  The Developer 13
DEVELOPMENT OF THE DISTRICT 20
  General 20
  Status of Development within the District 21
  Financing Plan 21
THE ROAD SYSTEM 22
THE UTILITY SYSTEM 22
  Regulation 22
  Description of the Utility System 22
  Historical Operations of the System 24

DISTRICT DEBT 25
Utility System Debt Service Requirement Schedule 25
Road System Debt Service Requirement Schedule 26
Combined Debt Service Requirement Schedule 27
Bonded Indebtedness 28
Direct and Estimated Overlapping Debt Statement 29
Debt Ratios 29
TAXING PROCEDURES 29
Authority to Levy Taxes 29
Property Tax Code and County-Wide Appraisal District 30
Property Subject to Taxation by the District 31
Tax Abatement 32
Valuation of Property for Taxation 32
Tax Payment Installments after Disaster 33
District and Taxpayer Remedies 33
Levy and Collection of Taxes 34
Rollback of Operation and Maintenance Tax Rate 34
District's Rights in the Event of Tax Delinquencies 35
TAX DATA 36
General 36
Tax Rate Limitation 36
Maintenance Tax 36
Additional Penalties 36
Tax Rate Calculations 37
Estimated Overlapping Taxes 37
Historical Tax Collections 38
Tax Rate Distribution 38
Taxable Assessed Valuation Summary 38
Principal Taxpayers 39
RISK FACTORS 39
General 39
Factors Affecting Taxable Values and Tax Payments 39
Disasters, Climate Change, Cybersecurity Threats and Other Potential Events 41
Competitive Nature of Residential Housing Market 42
Operating Funds 42
Tax Collection Limitations 42
Registered Owners' Remedies and Bankruptcy 42
Marketability 43
Future Debt 43
Continuing Compliance with Certain Covenants 43
Environmental Regulations 44
Approval of the Bonds 45
Changes in Tax Legislation 46
LEGAL MATTERS 46
Legal Opinions 46
Legal Review 46
No-Litigation Certificate 47
No Material Adverse Change 47
TAX MATTERS 47
Tax Exemption 47
Collateral Federal Income Tax Consequences 48
State, Local and Foreign Taxes 49
Tax Accounting Treatment of Original Issue Discount and Premium Bonds 49

Qualified Tax-Exempt Obligations 50
CONTINUING DISCLOSURE OF INFORMATION 50
Annual Reports 50
Event Notices 51
Availability of Information from EMMA 51
Limitations and Amendments 51
Compliance With Prior Continuing Disclosure Undertakings 52
OFFICIAL STATEMENT 52
General 52
Experts 52
Certification as to Official Statement 53
Updating of Official Statement 53
CONCLUDING STATEMENT 54

APPENDIX A – FINANCIAL STATEMENTS OF THE DISTRICT A-1
APPENDIX B – FORM OF OPINION OF BOND COUNSEL B-1
APPENDIX C – BOOK-ENTRY ONLY SYSTEM C-1

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by ___________ (the "Utility Bonds Initial Purchaser") to purchase the Utility 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.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by ___________ (the "Road Bonds Initial Purchaser") to purchase the Road 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.

The Utility Bonds Initial Purchaser and the Road Bonds Initial Purchaser are collectively referred to as the "Initial Purchasers" throughout this Official Statement.

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 Purchasers. 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 PURCHASERS 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 policies of municipal bond guaranty insurance on the Utility Bonds and the Road Bonds. **The purchase of such Municipal Bond Guaranty Insurance on the Utility Bonds by the Utility Bonds Initial Purchaser and the Road Bonds by the Road Bonds 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 Purchasers.

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	Dallas County Municipal Utility District No. 4 (the "District"), a political subdivision of the State of Texas, is located in Dallas County, Texas and lies entirely within the extraterritorial jurisdiction the City of Dallas, Texas. See "THE DISTRICT."
The Bonds	The District's $5,870,000 Unlimited Tax Utility Bonds, Series 2026 (the "Utility Bonds") and $3,265,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds" and, together with the Utility Bonds, the "Bonds"), are dated August 1, 2026, and mature on March 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 — Book-Entry-Only System" and APPENDIX C — "BOOK-ENTRY-ONLY SYSTEM."
Redemption*	The Bonds maturing on and after March 1, 2032, are subject to optional redemption, in whole or from time to time in part, on March 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

* *Preliminary, subject to change.*

payment to the Beneficial Owners of the Bonds. See "THE BONDS — Book-Entry-Only System."

Source of Payment... The Utility Bonds and the Road Bonds are payable from the proceeds of two separate continuing direct annual ad valorem taxes, 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; Dallas County, Texas; the City of Dallas, 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 Utility 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 serving the District (the "Utility System").

The District has previously issued its (i) $5,730,000 aggregate principal amount Unlimited Tax Utility Bonds Series 2024 (the "Series 2024 Utility Bonds"), which are currently outstanding in the principal amount of $5,610,000; and (ii) $6,865,000 aggregate principal amount Unlimited Tax Utility Bonds Series 2025 (the "Series 2025 Utility Bonds" and with the Series 2024 Utility Bonds, the "Outstanding Utility Bonds"), which are currently outstanding in the principal amount of $6,865,000.

The Road Bonds are the third series of bonds to be issued by the District 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").

The District has previously issued its (i) $4,995,000 aggregate principal amount Unlimited Tax Road Bonds Series 2023 (the "Series 2023 Road Bonds") which are currently outstanding in the principal amount of $4,880,000; and (ii) $3,780,000 aggregate principal amount Unlimited Tax Road Bonds Series 2025 (the "Series 2025 Road Bonds" and with the "Series 2023 Road Bonds" the "Outstanding Road Bonds" and, together with the Outstanding Utility Bonds, the "Outstanding Bonds"), which are currently outstanding in the principal amount of $3,780,000.

Payment Record	The Bonds represent the fifth and sixth 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 1, 2021, voters of the District authorized the District's issuance of \$61,700,000 principal amount of unlimited tax bonds for the purposes of acquiring and/or constructing the Utility System; \$92,550,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$42,180,000 principal amount of bonds for the purposes of acquiring and/or constructing the Road System; and \$63,270,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$43,235,000 principal amount for acquiring or constructing the Utility System; and \$92,550,000 principal amount for the refunding of bonds issued by the District for the Utility System; \$30,140,000 principal amount for acquiring or constructing the Road System; \$63,270,000 principal amount for the refunding of bonds issued for the Road System. The Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; (iii) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Utility Bond Order"); and (iv) an approving order (the "TCEQ Order") of the Texas Commission on Environmental Quality (the "TCEQ") dated June 3, 2026. The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; and (iii) an order adopted by the Board of Directors of the District on the date of the sale of the Road Bonds (the "Road Bond Order"). The Utility Bond Order and the Road Bond Order are referred to collectively as the "Bond Orders" in this Official Statement. See "THE BONDS — Authority for Issuance."

Use of Utility Bond Proceeds	Proceeds from the sale of the Utility 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 Utility Bond Proceeds." Proceeds of the Utility Bonds will also be used to pay developer interest, 18 months of capitalized interest on the Utility Bonds and costs of issuance of the Utility Bonds. See "THE BONDS — Use and Distribution of Utility Bond Proceeds" for further information.
Use of Road Bond Proceeds	Proceeds from the sale of the Road Bonds will be used to reimburse the Developer (herein defined) for costs associated with certain road improvements set out under "THE BONDS — Use and Distribution of Road Bond Proceeds." Proceeds of the Road Bonds will also be used to pay developer interest, 18 months of capitalized interest on the Road Bonds and costs of issuance of the Road Bonds. See "THE BONDS — Use and Distribution of Road Bond Proceeds" for further information.
Municipal Bond Insurance...............................	Applications have been made for a commitment to issue policies of municipal bond guaranty insurance on the Utility Bonds and the Road Bonds. **The purchase of such Municipal Bond Guaranty Insurance on the Utility Bonds by the Utility Bonds Initial Purchaser and the Road Bonds by the Road Bonds 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 Purchasers. 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 16 miles east of the central business district of the City of Dallas, Texas, approximately 8 miles southeast of the City of Garland, Texas and in close proximity to Lake Ray Hubbard. The District lies entirely within the extraterritorial jurisdiction the City of Dallas, Texas and within Dallas County. The District consists of approximately 263.444 total acres.

The District was created by Order of the Texas Commission on Environmental Quality (the "TCEQ") dated August 30, 2019, as a conservation and reclamation district created under and essential to accomplish the purposes of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operating pursuant to Chapters 49 and 54 of the Texas Water Code, as amended.

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." See "THE DEVELOPER AND PRINCIPAL LANDOWNER."

Development within the District .... The property within the District is being developed by the Developer into a single-family residential development known as "Fireside by the Lake." At full buildout, Fireside by the Lake is expected to consist of approximately 700 single-family homes across approximately 244.144 acres, inclusive of streets, open space and an amenity center serving the property within the District. The remaining 19.300 acres within the District are expected to consist of floodplain and parks.

Fireside by the Lake is expected to be developed in five phases. As of May 1, 2026, construction of homes within Phases 1, 2, 3A and 3B had been completed, except for 15 lots within Phase 1 which will be constructed in connection with the final phase of development of Fireside by the Lake. As of May 1, 2026, the Developer was constructing homes within Phase 4 and was engineering Phase 5, which the Developer currently expects to consist of 100 lots containing single family homes, and for which finished lots are expected to be delivered in July 2026. As of May 1, 2026, 523 homes had been completed within the District, of which 513 had been conveyed to individual homeowners, seven of which were owned by the Developer and under contract with individual homeowners and three of which were owned by the Developer and were not under contract with individual homeowners.

Single-family homes in the District which had closed to individual homeowners as of May 1, 2026 ranged in price from approximately $345,005 to $507,895 and in size from approximately 1,712 square feet to 2,913 square fee.

See DEVELOPMENT OF 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	$ 135,751,461[a]
Preliminary Assessed Valuation as of January 1, 2026	$ 216,453,333[b]
Estimated Assessed Valuation as of February 1, 2026	$ 217,954,321[c]
Estimated Assessed Valuation as of June 1, 2026	$ 242,181,765[d]
Direct Debt:	
The Outstanding Utility Bonds (as of June 1, 2026)	$ 12,475,000
The Outstanding Road Bonds (as of June 1, 2026)	8,660,000
The Utility Bonds	5,870,000
The Road Bonds	3,265,000
Total	$ 30,270,000
Estimated Overlapping Debt	$4,220,776[e]
Total Direct and Estimated Overlapping Debt	$34,490,776
Direct Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	22.30%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	13.98%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	13.89%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	12.50%
Direct and Estimated Overlapping Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	25.41%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	15.93%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	15.82%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	14.24%
District Funds	
Utility Bond Debt Service Fund (as of June 4, 2026)	$ 1,379,822[f]
Road Bond Debt Service Fund (as of June 4, 2026)	$ 1,139,237[g]
Operating Fund (as of June 4, 2026)	$ 10,918
2025 Tax Rate per $100 of Taxable Assessed Valuation:	
Utility Debt Service	$ 0.490
Road Debt Service	0.350
Maintenance & Operation	0.160
Total	$ 1.000
Average Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2027-2051)	$ 2,070,794[h]*
Maximum Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2048)	$ 2,262,098[h]*
Average Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2027 - 2051)	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 1.61*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 1.01*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 1.00*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.90*
Maximum Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2048)	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 1.75*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 1.10*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 1.09*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.98*
Average Annual Debt Service Requirements on the Utility Bonds and Outstanding Utility Bonds (2027-2051)	$ 1,254,984[i]*
Maximum Annual Debt Service Requirements on the Utility Bonds and Outstanding Utility Bonds (2049)	$ 1,367,888[i]*

Utility System Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Utility Bonds (2027 - 2051):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 0.97*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 0.61*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 0.61*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.55*
Utility System Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Utility Bonds and Outstanding Utility Bonds (2049)	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 1.06*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 0.67*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 0.66*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.59*
Average Annual Debt Service Requirements on the Road Bonds and Outstanding Road Bonds (2027-2051)	$ 815,810[j] *
Maximum Annual Debt Service Requirements on the Road Bonds and Outstanding Road Bonds (2048)	$ 903,135[j] *
Road System Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Road Bonds and Outstanding Road Bonds (2027 - 2051):	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 0.63*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 0.40*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 0.39*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.35*
Road System Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Road Bonds and Outstanding Road Bonds (2048)	
Based on 2025 Certified Taxable Assessed Valuation at 95% Collections	$ 0.70*
Based on Preliminary Assessed Valuation as of January 1, 2026 at 95% Collections	$ 0.44*
Based on Estimated Assessed Valuation as of February 1, 2026 at 95% Collections	$ 0.44*
Based on Estimated Assessed Valuation as of June 1, 2026 at 95% Collections	$ 0.39*

* *Preliminary, subject to change.*

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Dallas Central Appraisal upon (collectively, the “Appraisal District”). See “TAX DATA” and “TAXING PROCEDURES.”

(b) Represents the preliminary assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Appraisal District. Values are uncertified until the Appraisal District certifies rolls in late July. See “TAX DATA” and “TAXING PROCEDURES.”

(c) Provided by the Appraisal Districts for informational purposes only. This amount is an estimated of the taxable value of all taxable property located within the District as of February 1, 2026, and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to February 1, 2026. No taxes will be levied on this estimated value. See “TAX DATA” and “TAXING PROCEDURES.”

(d) Provided by the Appraisal Districts for informational purposes only. This amount is an estimated of the taxable value of all taxable property located within the District as of June 1, 2026, and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to June 1, 2026. No taxes will be levied on this estimated value. See “TAX DATA” and “TAXING PROCEDURES.”

(e) See “DISTRICT DEBT - Direct and Estimated Overlapping Debt Statement.”

(f) 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.

(g) Neither Texas law nor the Road Bond Order 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 Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System. The Road Bonds include 18 months of capitalized interest which will be deposited into the Road System Debt Service Fund.

(h) See “DISTRICT DEBT—Combined Debt Service Requirement Schedule.”

(i) Debt Service on the Utility Bonds is estimated at an average interest rate of 5.00%. See “DISTRICT DEBT –Utility System Debt Service Requirement Schedule.”

(j) Debt Service on the Road Bonds is estimated at an average interest rate of 5.00%. See “DISTRICT DEBT –Road System Debt Service Requirement Schedule.”

DALLAS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located within Dallas County, Texas)

$5,870,000	**$3,265,000**
Unlimited Tax Utility Bonds, Series 2026	**Unlimited Tax Road Bonds, Series 2026**

INTRODUCTION

This Official Statement of Dallas County Municipal Utility District No. 4 (the “District”) is provided to furnish information with respect to the issuance by the District of its $5,870,000 Unlimited Tax Utility Bonds, Series 2026 (the “Utility Bonds”) and its $3,265,000 Unlimited Tax Road Bonds, Series 2026 (the “Road Bonds” and, together with the Utility Bonds, the “Bonds”).

The Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; (iii) an order adopted by the Board of Directors of the District (the “Board”) on the date of the sale of the Bonds (the “Bond Order”); and (iv) an approving order (the “TCEQ Order”) of the Texas Commission on Environmental Quality (the “TCEQ”) dated June 3, 2026.

The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; and (iii) an order adopted by the Board of Directors of the District on the date of the sale of the Road Bonds (the “Road Bond Order”).

The Utility Bond Order and the Road Bond Order are referred to collectively as the “Bond Orders” in this Official Statement. 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 Orders, 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 Orders, 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 2019 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 5.61% 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 Utility Bond Proceeds” and “—use and Distribution of Road 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 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 of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders. Copies of the Bond Orders 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 August 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 March 1 of the years shown on the pages following the 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/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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 Orders 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 March 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 March 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.

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* *Preliminary, subject to change.*

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 Dallas, Texas (the "City"), the District may be annexed for full purposes by the 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 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 Orders provide for the termination of the pledge of taxes to the applicable series of 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 Utility Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; (iii) the Utility Bond Order; and (iv) the TCEQ Order. See "THE BONDS — Authority for Issuance."

The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 1, 2021; and (iii) the Road Bond Order.

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of $61,700,000 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"); $92,550,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $42,180,000 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 $63,270,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

Bond Debt Service Funds

The Utility Bond Order creates a fund for debt service on the Utility 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 Utility Bonds will be deposited from the proceeds from sale of the Utility 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 Utility 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 Utility 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.

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

Source of Payment

The Utility Bonds and the Road Bonds are payable from the proceeds of two separate continuing direct annual ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Orders, 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 applicable Debt Service Fund and used solely to pay principal of and interest on the applicable Bonds, any additional bonds payable from taxes that the District may hereafter issue for the Utility System or the Road System, as applicable, and fees of the Paying Agent/Registrar.

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

Outstanding Bonds

The Utility Bonds are the third series of bonds to be issued by the District for the purposes of purchasing, constructing, acquiring, owning, leasing or operating the Utility System. The District has previously issued its

$5,730,000 aggregate principal amount Unlimited Tax Utility Bonds Series 2024 (the “Series 2024 Utility Bonds”) which are currently outstanding in the principal amount of $5,610,000; and $6,865,000 aggregate principal amount Unlimited Tax Utility Bonds Series 2025 (the “Series 2025 Utility Bonds and with the Series 2024 Utility Bonds, the “Outstanding Utility Bonds”), which are currently outstanding in the principal amount of $6,865,000, for the purposes of purchasing, constructing, acquiring, owning, leasing or operating the Utility System.

The Road Bonds are the third series of bonds to be issued by the District for the purposes of purchasing, constructing, acquiring, owning, operating or maintaining the Road System. The District has previously issued its $4,995,000 aggregate principal amount Unlimited Tax Road Bonds Series 2023 (the “Series 2023 Road Bonds”) which are currently outstanding in the principal amount of $4,880,000; and $3,780,000 aggregate principal amount Unlimited Tax Road Bonds Series 2025 (the “Series 2025 Road Bonds” and with the “Series 2023 Road Bonds” the “Outstanding Road Bonds” and, together with the Outstanding Utility Bonds, the “Outstanding Bonds”) which are currently outstanding in the principal amount of $3,780,000 for the purpose of acquiring and/or the Road System.

Payment Record

The Bonds represent the fifth and sixth 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 $61,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $92,550,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $42,180,000 bonds for the purpose of constructing or acquiring the Road System; and $63,270,000 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 Utility Bonds are the third series of bonds issued by the District for the Utility System and the Road Bonds are the third series of bonds issued for the Road System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $43,235,000 principal amount for acquiring or constructing the Utility System; $92,550,000 principal amount for the refunding of bonds issued by the District for the Utility System; $30,140,000 principal amount for acquiring or constructing the Road System; $63,270,000 principal amount for the refunding of bonds issued for the Road System.

The Bond Orders impose 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 $43,235,000 principal amount of unlimited tax bonds for the Utility System shall be subject to prior approval by the TCEQ. The $30,140,000 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 $5 million for expenditures to construct the Utility System and the Road System pursuant to a reimbursement agreement pursuant to which the District is generally required to reimburse the Developer for the costs of facilities constructed by the Developer on behalf of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District 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 Orders provide 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 Orders

The District may, without the consent of or notice to any Bondholder, amend a Bond Order in any manner not detrimental to the interests of the Bondholders, 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 the applicable 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 a Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in a 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 applicable Bond Order. Except for mandamus, the Bond Orders 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 Orders 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 Utility Bond Proceeds

Proceeds from the sale of the Utility Bonds will be used to reimburse the Developer for the construction costs set out below. Proceeds of the Utility 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 Utility 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.

Construction Costs	***Total***
A. Developer Contribution Items	
1. Fireside by the Lake Phase 1	$ 181,718
2. Fireside by the Lake Phase 1 Grading	56,000
3. Fireside by the Lake Phase 2	2,043,287
4. Fireside by the Lake Phase 2 Grading	23,471
5. Fireside by the Lake Phases 3A and 3B	1,638,321
6. Engineering and Testing	883,344
Total Developer Items	**4,826,141**
B. District Items	
1. Lift Station	$ 15,268
Total District Items	$ 15,268
TOTAL CONSTRUCTION COSTS	$ 4,841,409
Less Surplus Funds	$ (580,000)
NET TOTAL CONSTRUCTION COSTS	**$ 4,261,409**
Non-Construction Costs	
A. Legal Fees	$ 118,700
B. Fiscal Agent Fees	58,700
C. Interest Costs	
1. Capitalized Interest (18 Months at 5.0%)	440,250
2. Developer Interest	732,021
D. Underwriter's Discount	117,400
E. Bond Issuance Expense	68,800
F. Bond Engineering Report	52,175
G. Attorney General Fee	5,870
H. TCEQ Fee	14,675
Total Non-Construction Costs	**$ 1,608,591**
TOTAL BOND ISSUE REQUIREMENT	**$ 5,870,000**

Use and Distribution of Road Bond Proceeds

Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for the construction costs set out below. Proceeds of the Road 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 Road Bonds and completion of agreed-upon procedures by the District's auditor. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Construction Costs	*Total*
A. Phase 1 Roads	$ 153,743
B. Phase 2 Roads	713,398
C. Land Costs – Phases 2 and 3 Right of Way	1,740,253
Total Construction Costs	**$ 2,607,394**
Non-Construction Costs	
A. Legal Fees	$ 75,300
B. Municipal Advisor Fees	32,650
C. Interest Costs	
1. Capitalized Interest (18 months @ 5.00%)	244,875
2. Developer Interest	168,763
D. Underwriter's Discount	65,300
E. Bond Issuance Expense	54,393
F. Bond Engineering Report	13,060
G. Attorney General Fee	3,265
Total Non-Construction Costs	**$ 657,606**
TOTAL BOND ISSUE REQUIREMENT	**$ 3,265,000**

THE DISTRICT

Authority

The District was created by order of the TCEQ dated August 30, 2019, as a conservation and reclamation district created under and essential to accomplish the purposes of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operating pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District, which lies wholly within the extraterritorial jurisdiction of the City, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, 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 roads located inside its boundaries. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities.

Description

The District is located approximately 16 miles east of the central business district of the City of Dallas, Texas, approximately 8 miles southeast of the City of Garland, Texas and in close proximity to Lake Ray

Hubbard. The District lies entirely within the extraterritorial jurisdiction the City of Dallas, Texas and within Dallas County, Texas. The District consists of approximately 263.444 total acres of land.

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:

Name	***Title***	***Term Expires May***
Chad McEntee	President	2030
Richard "Rick" King	Vice President	2030
David D. Fudge	Secretary	2028
Timothy Brimelow	Assistant Secretary	2030
Kurt Beaston	Assistant Secretary	2028

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

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

Bond Counsel and General 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: The District has engaged Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Municipal Advisor: Tierra Financial Advisors, LLC (previously defined as the "Municipal Advisor") is engaged as financial 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. See "RELATIONSHIP AMONG THE PARTIES" herein.

Tax Assessor/Collector: The tax assessor/collector for the District is John R. Ames, Dallas County Tax Assessor/Collector (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is L&S District Services, LLC. (the "Bookkeeper").

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

Engineer: The District's engineer is JBI Partners, Inc. (the "Engineer").

Operator: The operation and maintenance of the District's water and wastewater systems are overseen by Inframark, LLC.

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 currently. 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 exceeded $36.7 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.

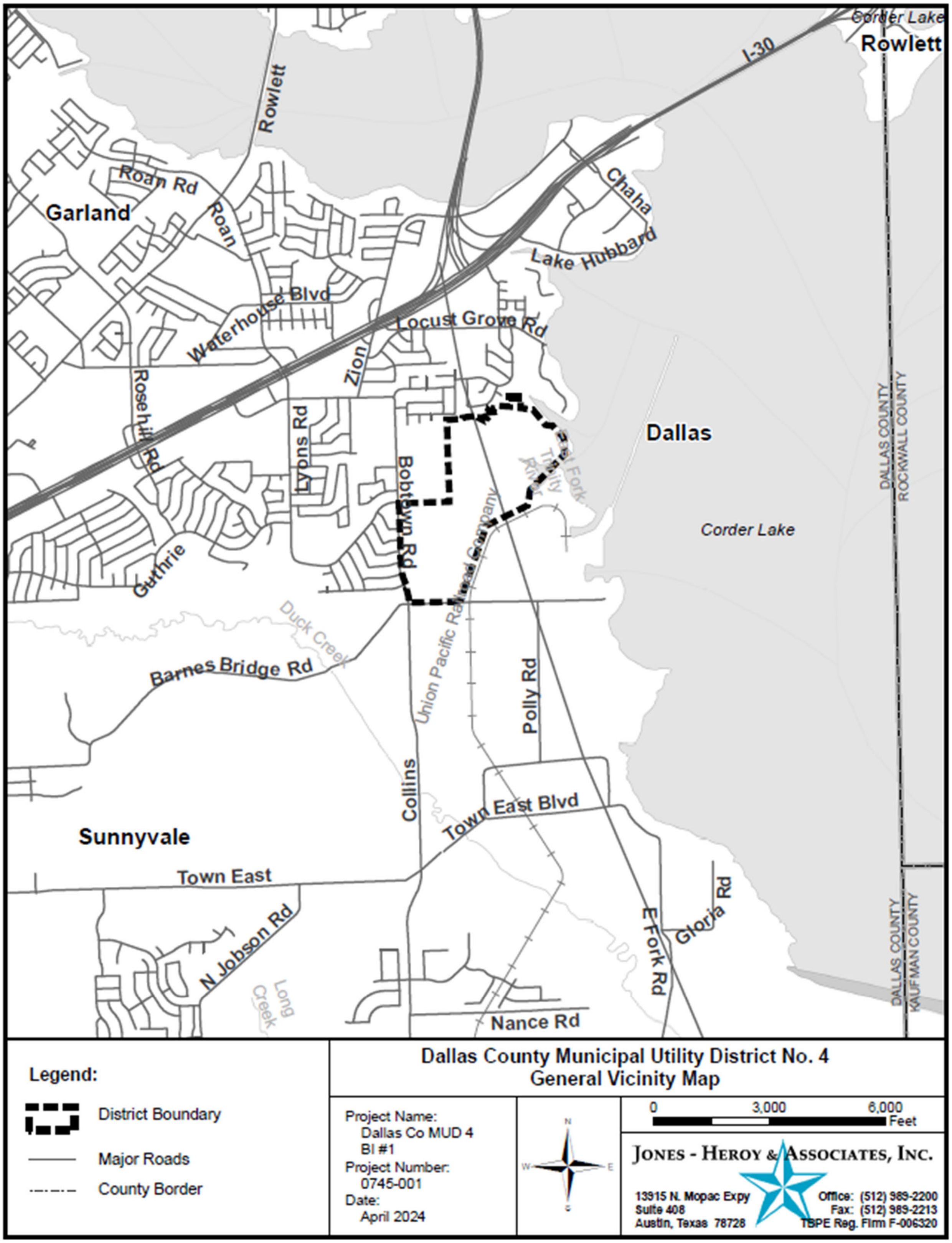
D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). 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.

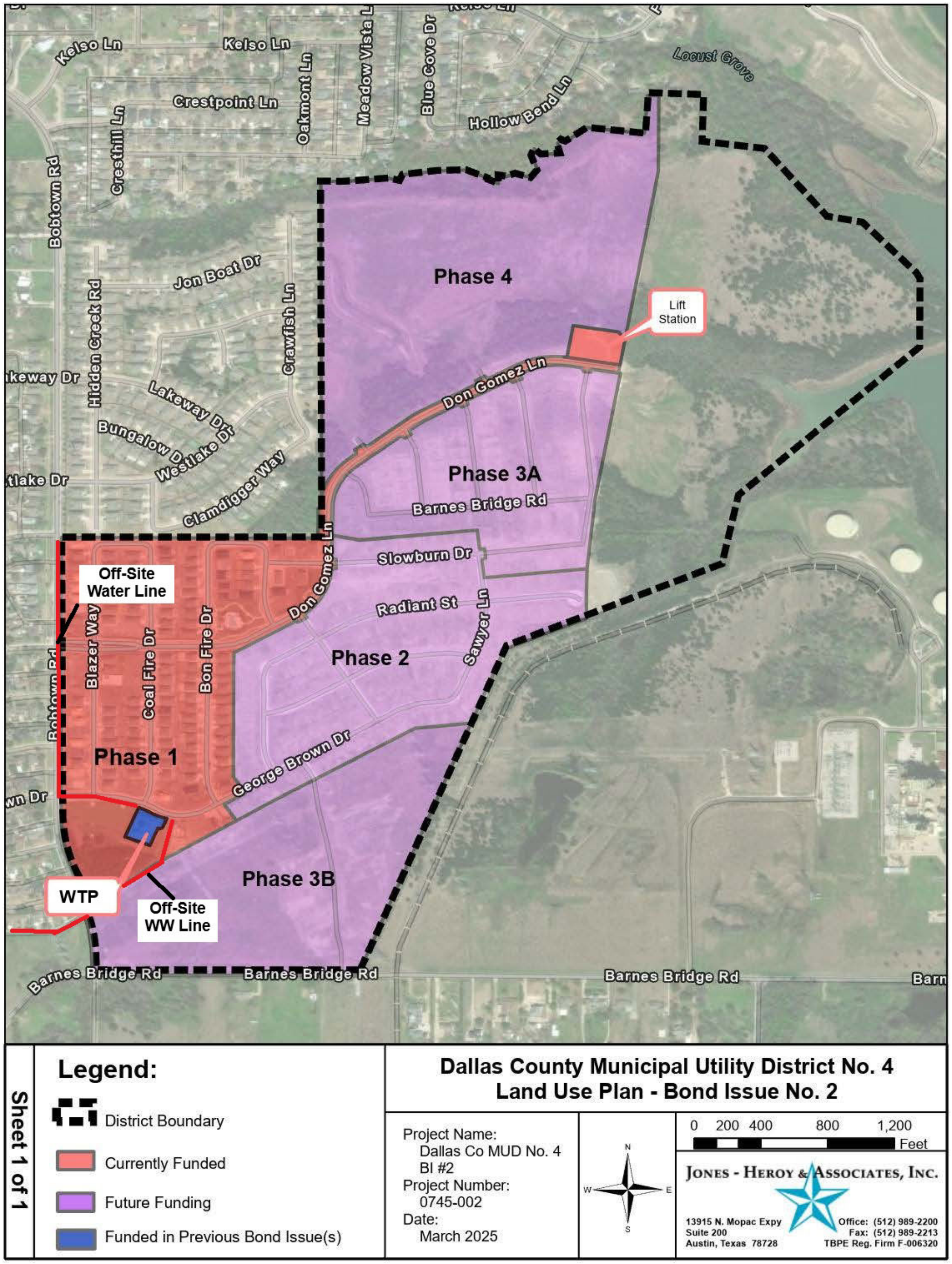
Copies of D.R. Horton, Inc.’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.’s website at www.drhorton.com.

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.

VICINITY MAP



LAND USE PLAN FOR DISTRICT



DEVELOPMENT PROGRESS

FIRESIDE BY THE LAKE

DEVELOPMENT PROGRESS

FIRESIDE BY THE LAKE (CONTINUED)

DEVELOPMENT PROGRESS

FIRESIDE BY THE LAKE (CONTINUED

DEVELOPMENT OF THE DISTRICT

General

The property within the District is being developed by the Developer into a single-family residential development known as "Fireside by the Lake." At full buildout, Fireside by the Lake is expected to consist of approximately 700 single-family homes across approximately 244.144 acres, inclusive of streets, open space and an amenity center serving the property within the District. The remaining 19.300 acres within the District are expected to consist of floodplain and parks.

Fireside by the Lake is expected to be developed in five phases. As of May 1, 2026, construction of homes within Phases 1, 2, 3A and 3B had been completed, except for 15 lots within Phase 1 which will be constructed in connection with the final phase of development of Fireside by the Lake. As of May 1, 2026, the Developer was constructing homes within Phase 4 and was engineering Phase 5, which the Developer currently expects to consist of 100 lots containing single family homes, and for which finished lots are expected to be delivered in July 2026. The Developer currently expects to complete construction of homes within Phase 4 by July 2026 and within Phase 5 by June 2027. Phase 3A and 3B were completed as scheduled. Home construction is currently expected to be completed in Phase 4 in September 2026 and in Phase 5 in July 2027.

As of May 1, 2026, 523 homes had been completed within the District, of which 513 had been conveyed to individual homeowners, seven of which were owned by the Developer and under contract with individual homeowners and three of which were owned by the Developer and were not under contract with individual homeowners. Single-family homes in the District which had closed to individual homeowners as of May 1, 2026 ranged in price from approximately $345,005.00 to $507,895.00 and in size from approximately 1,712 square feet to 2,913 square feet.

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."

Status of Development within the District

The following tables shows the status of construction of the single family homes within the District as of May 1, 2026.

	Section Acreage	***Section Lots***	***Homes Completed***	***Homes Under Construction***	***Vacant Lots***
Phase 1	49.045	148	133	0	15
Phase 2	37.529	154	154	0	0
Phase 3A	26.530	109	109	0	0
Phase 3B	35.873	50	50	0	0
Phase 4	51.127	139	77	43	19
Phase 5[a]	44.040	100	0	0	100
Totals	244.144	700	523	43	134

	Section Acreage	***Section Lots***	***Homes Completed***	***Homes Under Construction***	***Vacant Lots***
Residential Developed	86.574	302	287	0	15
Residential Under Construction	113.53	298	236	43	19
Remaining Developable[a]	44.040	100	0	0	100
Total	244.144	700	523	43	134

[a] Phase 5 of Fireside by the Lake is currently being engineered, and the Developer estimates it will consist of 100 lots containing 100 single family homes.

Financing Plan

Through May 1, 2026, the Developer had spent approximately $144 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 $30 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 May 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 of Dallas and 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 roadway infrastructure included as part of the Road System within the District directly serves the District and are within the District boundaries and consists of residential streets and do not consist of any collector or arterial roadways. The Road System is maintained by 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, Dallas County, Texas, and the City of Dallas. The design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ.

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

Description of the Utility System

Water Supply. The District is the provider of retail water service to the property within the District. On January 15, 2021, the Developer entered into a wholesale water contract (the "Water Supply Agreement") with the City of Garland, Texas for the purpose of obtaining a water supply source for the District, and the District subsequently agreed to be a party to the Water Supply Agreement. Pursuant to the Water Supply Agreement, the City agreed to provide capacity to serve the District with wholesale water to serve up to 1,000 equivalent single-family connections. Additionally, under the Water Supply Agreement, the Developer was required to build an on-site water treatment plant within the District and an off-site water line to provide water to the District. Furthermore, under the terms of the Water Supply Agreement, the Developer, acting on behalf of the District, is required construct or extend the water facilities as necessary to serve the District facilities. Such facilities may include water transmission lines, water supply, storage, and pressurization facilities. The District is required to maintain and operate the retail water service facilities of the District. A portion of the proceeds of the Outstanding Utility Bonds were used to reimburse the Developer for the costs of constructing the on-site water treatment plant and the off-site water line.

The water treatment plant serving the District was completed as of May 25, 2023 and the required water supply infrastructure within the District serving Phases 1, 2, 3A, 3B and 4 were completed as of September 12, 2022, May 26, 2023, July 24, 2024, September 11, 2024 and December 19, 2024, respectively. The District is currently in the construction phase of additional water infrastructure within the existing water pump station which will be needed to accommodate full buildout of the District. The District is constructing an additional 250,000-gallon storage tank as well as a pneumatic pressure tank which will be required to accommodate full buildout of the District, and the Engineer estimates that Phases 1 through 4 of the District are currently using approximately 75% of the existing capacity of the existing water pump station. Phase 5 water improvements have been constructed but are not yet substantially complete and the Engineer currently anticipates substantial completion by the end of calendar year 2026.

Wastewater Treatment. The District is the provider of retail wastewater service to the property within the District. On January 15, 2021, the Developer entered into a wholesale wastewater contract (the "Wastewater Agreement") with the City of Garland, Texas for the purpose of obtaining wholesale wastewater treatment capacity adequate to serve property within the District, and the District subsequently agreed to be party to the Wastewater Agreement. Pursuant to the Wastewater Agreement, the City agreed to provide wastewater treatment capacity for the property within the District to serve up to 1,274 equivalent single-family connections. Additionally, under the Wastewater Agreement, the Developer was required to build a lift station and an off-site wastewater line to serve the District. Both the lift station and off-site wastewater line have been completed.

The lift station was completed as of March 16, 2023 and the required wastewater infrastructure within the District serving Phases 1, 2, 3A, 3B and 4 were completed as of September 12, 2022, May 26, 2023, July 24, 2024, September 11, 2024 and December 19, 2024, respectively. Phase 5 sewer improvements inclusive of the onsite infrastructure and associated lift station have been constructed but are not yet substantially complete and the Engineer currently anticipates substantial completion by the end of calendar year 2026.

A portion of the proceeds of the Outstanding Utility Bonds were used to reimburse the Developer for the costs of the off-site wastewater line and a portion of the costs of the construction of the lift station. As described under the caption "THE BONDS—Use and Distribution of Utility Bond Proceeds," a portion of the proceeds of the Utility Bonds are expected to be used to provide funds to reimburse the Developer for the remaining costs of the lift station.

Drainage. The District naturally drains into three main basins. Basin one drains to Rowlett Creek Tributary 1.1 Basin two drains to Duck Creek. Basin three drains to Lake Ray Hubbard. Stormwater runoff drains into a system of underground storm sewers then into detention ponds, outfalls at various points, which ultimately drains into the 3 main basins. The District shall maintain and operate the District facilities.

100-Year Flood Plain. According to USGS topographic maps and Flood Insurance Rate Maps, the District is relatively rolling terrain with elevations ranging from 444 to 500 feet above mean sea level. The land within the District slopes generally from 0.5% to 25%.

Approximately 8.85 acres of the District lie within the FEMA 100-year flood plain. This acreage is undevelopable and has been planned as green space.

Historical Operations of the System

The following is a summary of the District's general operating fund for fiscal years ended March 31, 2020 and March 31, 2026 and the most recent Bookkeeper's report which is unaudited. See Appendix A for additional information. 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.

	Fiscal Year Ended March 31, 2026[(a)]	*Fiscal Year Ended March 31, 2025*[(b)]	*Fiscal Year Ended March 31, 2024*[(b)]	*Fiscal Year Ended March 31, 2023*[(b)]	*Fiscal Year Ended March 31, 2022*[(c)]	*Fiscal Year Ended March 31, 2021*[(c)]	*Fiscal Year Ended March 31, 2020*[(c)]
Revenues:							
Water service	$ 370,000	$ 365,495	$ 289,015	$ 18,893	--	--	--
Sewer service	265,000	270,363	177,992	9,279	--	--	--
Property taxes	300,000	287,014	61,928	46,918	--	--	--
Penalties and interest	7,500	9,981	4,757	1,874	--	--	--
Tap connection and inspection	94,600	121,062	114,899	88,942	--	--	--
Miscellaneous	2,000	15,202	17,284	450	--	--	--
Total Revenues	$ 1,039,100	$ 1,069,117	$ 665,875	$ 166,356	--	--	--
Expenditures:							
Current Service Operations							
Purchased services	$ 305,000	$ 284,269	$ 215,823	$ 4,331	--	--	--
Professional fees	107,340	86,932	65,429	53,583	$ 25,134	$ 53,587	$ 26,478
Contracted services	192,400	176,571	179,268	29,084	2,756	--	--
Repairs and maintenance	167,800	152,194	227,385	164,279	--	--	--
Utilities	24,000	23,128	16,104	--	--	--	--
Administrative	18,750	23,419	22,074	14,654	4,711	3,961	2,960
Other	4,175	9,551	5,616	626	150		
Capital Outlay	-	57,458	-			--	--
Total Expenditures	$ 819,465	$ 813,522	$ 731,699	$ 266,557	$ 32,751	$ 57,548	$ 29,438
Revenues Over (Under) Expenditures	$ 219,635	$ 255,595	$ (65,824)	$ (100,201)	$ (32,751)	$ (57,548)	$ (29,438)
Other Financing Sources (Uses)							
Developer Advances	--	--	$ 256,000	$ 26,000	$ 38,800	$ 60,000	$ 18,000
Net Change in Fund Balance / net position	$ 219,635	$ 255,595	$ 190,176	$ (74,201)	$ 6,049	$ 2,452	$ (11,438)
Fund Balance, Beginning of Year	$ 368,633	$ 113,038	$ (77,138)	$ (2,937)	$ (8,986)	$ (11,438)	--
Fund Balance, End of Year	$ 588,268	$ 368,633	$ 113,038	$ (77,138)	$ (2,937)	$ (8,986)	$ (11,438)

(a) Unaudited. Approved budget provided by the District's bookkeeper.
(b) From the District's Audited Financial Statement.
(c) Unaudited

DISTRICT DEBT

Utility System Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements on the Utility Bonds and the Outstanding Utility Bonds assuming an interest rate of 5.00% on the Utility Bonds.

		The Utility Bonds			
Year Ending March 31	***Outstanding Utility Bonds***[(a)]	***Principal******	***Interest******	***Total******	***Total Debt Service******
2027	$ 734,600	--	$ 163,871	$ 163,871	$ 898,471
2028	901,475	$130,000	293,500	423,500	1,324,975
2029	895,944	140,000	287,000	427,000	1,322,944
2030	894,375	145,000	280,000	425,000	1,319,375
2031	886,444	155,000	272,750	427,750	1,314,194
2032	878,219	160,000	265,000	425,000	1,303,219
2033	877,494	170,000	257,000	427,000	1,304,494
2034	875,619	175,000	248,500	423,500	1,299,119
2035	877,594	185,000	239,750	424,750	1,302,344
2036	875,606	195,000	230,500	425,500	1,301,106
2037	877,594	205,000	220,750	425,750	1,303,344
2038	882,000	215,000	210,500	425,500	1,307,500
2039	885,313	225,000	199,750	424,750	1,310,063
2040	892,531	235,000	188,500	423,500	1,316,031
2041	893,456	250,000	176,750	426,750	1,320,206
2042	903,319	260,000	164,250	424,250	1,327,569
2043	906,656	275,000	151,250	426,250	1,332,906
2044	908,700	290,000	137,500	427,500	1,336,200
2045	919,056	300,000	123,000	423,000	1,342,056
2046	922,663	315,000	108,000	423,000	1,345,663
2047	929,725	335,000	92,250	427,250	1,356,975
2048	933,463	350,000	75,500	425,500	1,358,963
2049	939,888	370,000	58,000	428,000	1,367,888
2050	509,250	385,000	39,500	424,500	933,750
2051	--	405,000	20,250	425,250	425,250
Total	$21,000,981	$ 5,870,000	$ 4,503,621	$10,373,621	$31,374,602

Average Annual Debt Service Requirements on the Utility Bonds and the Outstanding Utility Bonds (2027-2051)..	$ 1,254,984*
Maximum Annual Debt Service Requirements on the Utility Bonds and the Outstanding Utility Bonds (2049)..	$ 1,367,888*

* *Preliminary subject to change.*

Road System Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements on the Road Bonds and the Outstanding Road Bonds assuming an interest rate of 5.00% on the Road Bonds.

		The Road Bonds			
Year Ending March 31	***Outstanding Road Debt Service***	***Principal****	***Interest****	***Total****	***Total Debt Service****
2027	$ 539,951	--	$ 91,148	$ 91,148	$ 631,099
2028	630,151	$ 75,000	163,250	238,250	868,401
2029	633,739	75,000	159,500	234,500	868,239
2030	631,570	80,000	155,750	235,750	867,320
2031	633,705	85,000	151,750	236,750	870,455
2032	630,130	90,000	147,500	237,500	867,630
2033	630,843	95,000	143,000	238,000	868,843
2034	637,915	100,000	138,250	238,250	876,165
2035	638,965	105,000	133,250	238,250	877,215
2036	639,233	110,000	128,000	238,000	877,233
2037	638,610	115,000	122,500	237,500	876,110
2038	642,705	120,000	116,750	236,750	879,455
2039	640,663	125,000	110,750	235,750	876,413
2040	647,806	130,000	104,500	234,500	882,306
2041	643,655	140,000	98,000	238,000	881,655
2042	648,668	145,000	91,000	236,000	884,668
2043	652,490	150,000	83,750	233,750	886,240
2044	654,983	160,000	76,250	236,250	891,233
2045	661,278	165,000	68,250	233,250	894,528
2046	661,130	175,000	60,000	235,000	896,130
2047	664,785	185,000	51,250	236,250	901,035
2048	666,135	195,000	42,000	237,000	903,135
2049	281,000	205,000	32,250	237,250	518,250
2050	278,250	215,000	22,000	237,000	515,250
2051	--	225,000	11,250	236,250	236,250
Total	$14,628,358	$ 3,265,000	$ 2,501,898	$ 5,766,898	$20,395,255

Average Annual Debt Service Requirements on the Road Bonds and the Outstanding Road Bonds (2027-2051)........	$ 815,810*
Maximum Annual Debt Service Requirements on the Road Bonds and the Outstanding Road Bonds (2048)........	$ 903,135

* *Preliminary, subject to change.*

Combined Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements on the Outstanding Bonds and the Bonds assuming an interest rate of 5.00% on the Bonds.

		The Bonds			
Year Ending March 31	***The Outstanding Bonds***	***Principal****	***Interest****	***Total****	***Total Debt Service****
2027	$ 1,274,551	--	$ 255,019	$ 255,019	$ 1,529,570
2028	1,531,626	$ 205,000	456,750	661,750	2,193,376
2029	1,529,683	215,000	446,500	661,500	2,191,183
2030	1,525,945	225,000	435,750	660,750	2,186,695
2031	1,520,149	240,000	424,500	664,500	2,184,649
2032	1,508,349	250,000	412,500	662,500	2,170,849
2033	1,508,336	265,000	400,000	665,000	2,173,336
2034	1,513,534	275,000	386,750	661,750	2,175,284
2035	1,516,559	290,000	373,000	663,000	2,179,559
2036	1,514,839	305,000	358,500	663,500	2,178,339
2037	1,516,204	320,000	343,250	663,250	2,179,454
2038	1,524,705	335,000	327,250	662,250	2,186,955
2039	1,525,975	350,000	310,500	660,500	2,186,475
2040	1,540,338	365,000	293,000	658,000	2,198,338
2041	1,537,111	390,000	274,750	664,750	2,201,861
2042	1,551,986	405,000	255,250	660,250	2,212,236
2043	1,559,146	425,000	235,000	660,000	2,219,146
2044	1,563,683	450,000	213,750	663,750	2,227,433
2045	1,580,334	465,000	191,250	656,250	2,236,584
2046	1,583,793	490,000	168,000	658,000	2,241,793
2047	1,594,510	520,000	143,500	663,500	2,258,010
2048	1,599,598	545,000	117,500	662,500	2,262,098
2049	1,220,888	575,000	90,250	665,250	1,886,138
2050	787,500	600,000	61,500	661,500	1,449,000
2051	--	630,000	31,500	661,500	661,500
Total	$35,629,339	$ 9,135,000	$ 7,005,519	$16,140,519	$51,769,858

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2051)....... $ 2,070,794*

Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2048)............. $ 2,262,098*

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* *Preliminary, subject to change.*

Bonded Indebtedness

2025 Certified Taxable Assessed Valuation	$135,751,461 [(a)]
Preliminary Assessed Valuation as of January 1, 2026	$216,453,333 [(b)]
Estimated Assessed Valuation as of February 1, 2026	$217,954,321 [(c)]
Estimated Assessed Valuation as of June 1, 2026	$242,181,765 [(d)]
Direct Debt:	
The Outstanding Utility Bonds (as of June 1, 2026)	$ 12,475,000
The Outstanding Road Bonds (as of June 1, 2026)	8,660,000
The Utility Bonds	5,870,000
The Road Bonds	3,265,000
Total	$ 30,270,000
Estimated Overlapping Debt	$ 4,220,776 [(e)]
Total Direct and Estimated Overlapping Debt	$ 34,490,776 [(e)]
Direct Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	22.30%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	13.98%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	13.89%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	12.50%
Direct and Estimated Overlapping Debt Ratio:	
As a percentage of 2025 Certified Taxable Assessed Valuation	25.41%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	15.93%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	15.82%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	14.24%
District Funds	
Utility Bond Debt Service Fund (as of June 4, 2026)	$ 1,379,822 [(f)]
Road Bond Debt Service Fund (as of June 4, 2026)	$ 1,139,237 [(g)]
Operating Fund (as of June 4, 2026)	$ 10,918
2025 Tax Rate per $100 of Taxable Assessed Valuation:	
Utility Debt Service	$ 0.490
Road Debt Service	0.350
Maintenance & Operation	0.160
Total	$ 1.000

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Dallas Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Appraisal District. Values are uncertified until the Appraisal District certifies rolls in late July. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of February 1, 2026, and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to February 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(d) Provided by the Appraisal District for informational purposes only. This amount is an estimated of the taxable value of all taxable property located within the District as of June 1, 2026, and includes an estimate of additional value resulting from the construction of taxable improvements from January 1, 2025 to June 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(e) See "DISTRICT DEBT - Direct and Estimated Overlapping Debt Statement."

(f) 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 eighteen (18) months of capitalized interest which will be deposited into the Utility System Debt Service Fund.

(g) Neither Texas law nor the Road Bond Order 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 Road Bonds, and any other bonds issued for the purpose of acquiring or constructing the Road System. The Road Bonds include eighteen (18) months of capitalized interest which will be deposited into the Road System Debt Service Fund.

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.

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	***5/1/2026*** [(b)]	***Percent***	***Amount***
Dallas County	$ 179,530,000	0.031%	$ 56,512
Dallas County Community College District	217,720,000	0.031	66,810
Garland Independent School District	907,090,000	0.434	3,936,865
Parkland Hospital	511,285,000	0.031	160,590
Total Estimated Overlapping Debt			$ 4,220,776
The District [(a)]			$ 30,270,000
Total Direct and Estimated Overlapping Debt			$ 34,490,776

[(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	22.30%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	13.98%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	13.89%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	12.50%
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2025 Certified Taxable Assessed Valuation	25.41%
As a percentage of Preliminary Assessed Valuation as of January 1, 2026	15.93%
As a percentage of Estimated Assessed Valuation as of February 1, 2026	15.82%
As a percentage of Estimated Assessed Valuation as of June 1, 2026	14.24%

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 Orders, 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 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 Road Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS — Source of Payment."

Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA — Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of 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 Appraisal District has the responsibility for appraising property in the District. Such appraisal values are subject to review and change by the Dallas County Appraisal Review Board. 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 the Appraisal District, and approved by the 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 District 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 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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation. 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

Dallas County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Dallas 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 District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Dallas County 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 District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 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 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 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 Utility 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 Road Bonds and Outstanding Road Bonds. See "TAXING PROCEDURES." The Board has in its Bond Orders 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 Utility Bonds will be deposited into the District's Utility Bond Debt Service Fund and 18 months of capitalized interest on the Road Bonds will be deposited into the District's Road 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:	$1.20 per $100 taxable assessed valuation

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which have been issued or may be issued in the future. 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 and the Outstanding Bonds if no growth in the District's tax base occurs beyond the 2025 Certified taxable assessed valuation as of January 1, 2025 ($135,751,461), the preliminary assessed value as of January 1, 2026 ($216,453,333), the estimate of value as of February 1, 2026 ($217,954,321) or the estimate of value as of June 1, 2026 ($242,181,765). 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 (2027-2051)	$2,070,794*
Tax Rate of $1.61 on the 2025 Certified Taxable Assessed Valuation	$2,070,794*
Tax Rate of $1.01 on the Preliminary Assessed Valuation as of January 1, 2026	$2,070,794*
Tax Rate of $1.00 on the Estimated Assessed Valuation as of February 1, 2026	$2,070,794*
Tax Rate of $0.90 on the Estimated Assessed Valuation as of June 1, 2026	$2,070,794*
Combined Maximum Annual Debt Service Requirements (2048)	$2,262,098*
Tax Rate of $1.75 on the 2025 Certified Taxable Assessed Valuation	$2,262,098*
Tax Rate of $1.10 on the Preliminary Assessed Valuation as of January 1, 2026	$2,262,098*
Tax Rate of $1.09 on the Estimated Assessed Valuation as of February 1, 2026	$2,262,098*
Tax Rate of $0.98 on the Estimated Assessed Valuation as of June 1, 2026	$2,262,098*

* *Preliminary, subject to change.*

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. 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.

Taxing Jurisdiction	***2025 Tax Rate***
Dallas County	$ 0.215500
Dallas County Community College District	0.106575
Garland Independent School District	1.170900
Parkland Hospital	0.212000
The District	1.000000
Total Tax Rate	$ 2.704975

Historical Tax Collections

Tax Year	*Assessed Valuation*	*Tax Rate / $100*	*Adjusted Levy*	*% Collected Current Year*	*Current Year Ending 3/31*	*% Collected as of 4/30/2026*
2026[(a)]	$135,751,461	1.000	$1,357,515	99.9%	2027	99.9%
2025	105,790,582	1.000	1,057,906	100.0	2026	100.00
2024	21,600,220	1.000	216,000	100.0	2025	100.00
2023	4,691,760	1.000	46,918	100.0	2025	100.00

(a) Collections are in process. Reflects collections as of April 30, 2026.

Tax Rate Distribution

	2025	*2024*	*2023*	*2022*
Debt Service	$ 0.8400	$ 0.7300	$ 0.7100	$ 0.0000
Maintenance & Operation	$ 0.1600	$ 0.2700	0.2900	1.0000
Total	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000

Taxable Assessed Valuation Summary

The following table shows the type of property comprising the 2022, 2023, 2024 and 2025 tax rolls as certified by the Appraisal District.

Type of Property	*2025 Assessed Valuation*	*2024 Assessed Valuation*	*2023 Assessed Valuation*	*2022 Assessed Valuation*
Land	$ 34,681,360	$ 25,935,540	$ 14,615,130	$ 4,691,760
Improvements	103,692,250	80,235,350	6,984,890	--
Personal Property	27,990	233,240	--	--
Exemptions	(2,650,139)	(631,548)	--	--
Total	$ 135,751,461	$ 105,790,582	$ 21,600,020	$ 4,691,760

Principal Taxpayers

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

Taxpayer	*Type of Property*	*Assessed Valuation 2025 Tax Roll*	*Percent of District Value*
The Developer[a]	Land & Improvements	$ 7,614,624	5.61%
Homeowner	Land & Improvements	465,570	0.34
Homeowner	Land & Improvements	463,370	0.34
Homeowner	Land & Improvements	461,560	0.34
Homeowner	Land & Improvements	461,260	0.34
Homeowner	Land & Improvements	461,260	0.34
Homeowner	Land & Improvements	461,260	0.34
Homeowner	Land & Improvements	461,260	0.34
Homeowner	Land & Improvements	461,260	0.34
Homeowner	Land & Improvements	461,260	0.34
Total		$11,772,684	8.67%

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

RISK FACTORS

General

The Utility Bonds and the Road Bonds, which are obligations of the District and not of the State of Texas, Dallas County, Texas, the City of Dallas, Texas, or any political subdivision other than the District, will be secured by a 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," the Developer was the District's top taxpayer for the 2025 tax year and owned taxable property representing 5.61% of the District's total taxable assessed valuation. As of May 1, 2026, the Developer had sold and closed 513 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 Orders 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 $135,751,461, the District's Preliminary Assessed Valuation as of January 1, 2026 is $216,453,333, the District's Estimated Assessed Valuation as of February 1, 2026 is $217,954,321 and the District's Estimated Assessed Valuation as of June 1, 2026 is $242,181,765. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds is $2,262,098* (2048), and the average annual debt service requirement the Bonds and the Outstanding Bonds is $2,070,794* (2027-2051). Assuming no decrease to the District's 2025 Certified Taxable Assessed Valuation as of January 1, 2025, tax rates of $1.75 and $1.61 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 to the District's Preliminary Assessed Valuation as of January 1, 2026, tax rates of $1.10 and $1.01 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 February 1, 2026, tax rates of $1.09 and $1.00 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 June 1, 2026, tax rates of $0.98 and $0.90 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,

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* *Preliminary, subject to change.*

respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

For the 2025 tax year, the District levied a total tax rate of $1.00 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 Utility Bonds will be deposited into the District's Utility Bond Debt Service Fund and 18 months of capitalized interest on the Road Bonds will be deposited into the District's Road 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 are 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 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, Dallas 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, Dallas 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, water and wastewater revenue from its residents, 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 water and wastewater revenue and 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 Orders 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 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 bidders for the Bonds (the "Initial Purchasers") 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 $61,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $92,550,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $42,180,000 bonds for the purpose of constructing or acquiring the Road System; and $63,270,000 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 Utility Bonds are the third series of bonds issued by the District for the Utility System and the Road Bonds are the third series of 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: $43,235,000 principal amount for acquiring or constructing the Utility System; and $92,550,000 principal amount for the refunding of bonds issued by the District for the Utility System; $30,140,000 principal amount for acquiring or constructing the Road System; $63,270,000 principal amount for the refunding of bonds issued for the Road System. See "THE BONDS — Issuance of Additional Debt."

The Bond Orders impose 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 $43,235,000 principal amount of unlimited tax bonds for the Utility System shall be subject to prior approval by the TCEQ. The $30,140,000 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 $5.0 million for expenditures to construct the Utility System and the Road System pursuant to a reimbursement agreement pursuant to which the District is generally required to reimburse the Developer for the costs of facilities constructed by the Developer on behalf of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Orders contain 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.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchasers a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinions 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," "— Use and Distribution of Utility Bond Proceeds" and "—Use and Distribution of Road 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 Purchasers 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 Purchasers 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 Orders, has designated the Bonds "qualified tax-exempt obligations" pursuant to Section 265 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Orders, 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, commencing with the fiscal year ending March 31, 2026.

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 March 31.

Accordingly, it must provide updated information by the last day in September 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 Orders make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement. The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior 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 2023. 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 District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the fiscal year ended March 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," "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 District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of appraisal.

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 Dallas County Municipal Utility District No. 4 as of the date shown on the cover page hereof.

____
President, Board of Directors
Dallas County Municipal Utility District No. 4

ATTEST:

____
Secretary, Board of Directors
Dallas County Municipal Utility District No. 4

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

DALLAS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

DALLAS COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2025

Table of Contents

	Schedule	Page
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		32
Notes to Required Supplementary Information		33
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	36
General Fund Expenditures	TSI-2	38
Investments	TSI-3	N/A
Taxes Levied and Receivable	TSI-4	39
Long-Term Debt Service Requirements by Years	TSI-5	40
Change in Long-Term Bonded Debt	TSI-6	43
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	44
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	46
Board Members, Key Personnel and Consultants	TSI-8	47

McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Dallas County Municipal Utility District No. 4
Dallas County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Dallas County Municipal Utility District No. 4 (the "District"), as of and for the year ended March 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 Dallas County Municipal Utility District No. 4, as of March 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.

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 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.

McGrath & Co, PLLC

Houston, Texas
August 7, 2025

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Dallas County Municipal Utility District No. 4 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 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.

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 March 31, 2025, was negative $2,743,888. A comparative summary of the District's overall financial position, as of March 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 2,318,365	$ 768,630
Capital assets	30,549,549	20,026,378
Total assets	32,867,914	20,795,008
Current liabilities	403,285	147,316
Long-term liabilities	35,208,517	22,586,369
Total liabilities	35,611,802	22,733,685
Net position		
Net investment in capital assets	(4,166,195)	(2,152,796)
Restricted	1,220,287	499,170
Unrestricted	202,020	(285,051)
Total net position	$ (2,743,888)	$ (1,938,677)

The total net position of the District decreased during the current fiscal year by $805,211. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	$ 1,088,070	$ 220,757
Water and sewer service	635,858	467,007
Other	182,627	138,114
Total revenues	1,906,555	825,878
Expenses		
Current service operations	779,306	731,799
Debt interest and fees	370,790	123,665
Developer interest	410,679	696,010
Debt issuance costs	401,218	304,728
Depreciation	749,773	444,381
Total expenses	2,711,766	2,300,583
Change in net position	(805,211)	(1,474,705)
Net position, beginning of year	(1,938,677)	(463,972)
Net position, end of year	$ (2,743,888)	$ (1,938,677)

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2025, were $2,174,343, which consists of $368,633 in the General Fund, $1,248,937 in the Debt Service Fund and $556,773 in the Capital Projects Fund.

General Fund

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

	2025	2024
Total assets	$ 499,332	$ 241,742
Total liabilities	$ 126,312	$ 127,993
Total deferred inflows	4,387	711
Total fund balance	368,633	113,038
Total liabilities, deferred inflows and fund balance	$ 499,332	$ 241,742

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

	2025	2024
Total revenues	$ 1,069,117	$ 665,875
Total expenditures	(813,522)	(731,699)
Revenues over/(under) expenditures	255,595	(65,824)
Other changes in fund balance		256,000
Net change in fund balance	$ 255,595	$ 190,176

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, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. 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 of the levy. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of March 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 1,262,260	$ 518,493
Total deferred inflows	$ 13,323	$ 1,741
Total fund balance	1,248,937	516,752
Total deferred inflows and fund balance	$ 1,262,260	$ 518,493

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 808,750	$ 157,404
Total expenditures	(348,365)	(104,392)
Revenues over expenditures	460,385	53,012
Other changes in fund balance	271,800	463,740
Net change in fund balance	$ 732,185	$ 516,752

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt 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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of March 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 556,773	$ 8,395
Total fund balance	$ 556,773	$ 8,395

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

	2025	2024
Total revenues	$ 13,430	$ 147
Total expenditures	(4,695,452)	(4,523,012)
Revenues under expenditures	(4,682,022)	(4,522,865)
Other changes in fund balance	5,230,400	4,531,260
Net change in fund balance	$ 548,378	$ 8,395

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Utility Bonds in the current fiscal year and the sale of its Series 2023 Unlimited Tax Road Bonds in the prior year.

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 $251,240 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 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.

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

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 3,543,185	$ 3,543,185
Capital assets being depreciated		
Water, sewer, and drainage facilities	18,256,170	11,520,442
Roads	10,188,382	5,651,166
	28,444,552	17,171,608
Less accumulated depreciation		
Water, sewer, and drainage facilities	(797,458)	(387,298)
Roads	(640,730)	(301,117)
	(1,438,188)	(688,415)
Depreciable capital assets, net	27,006,364	16,483,193
Capital assets, net	$ 30,549,549	$ 20,026,378

Capital asset additions during the current fiscal year include Fireside by the Lake Phase 4 utilities and paving and Fireside by the Lake Phase 3A and 3B utilities and paving.

Long-Term Debt and Related Liabilities

As of March 31, 2025, the District owes approximately $24,718,517 to its 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. 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.

At March 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2023 Road	$ 4,995,000	$ 4,995,000
2024 Utility	5,730,000	
	$ 10,725,000	$ 4,995,000

During the current fiscal year, the District issued $5,730,000 in unlimited tax bonds. At March 31, 2025, the District had $55,970,000 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 $92,550,000 for the refunding of such bonds; and $37,185,000 unlimited tax bonds authorized, but unissued for road improvements and $63,270,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $41,335,000 for the 2025 tax year from $107,662,937 to $148,998,028, based on preliminary values. This increase was primarily due to new construction in the District and increased property values.

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 water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	$ 1,069,117	$ 1,039,100
Total expenditures	(813,522)	(819,465)
Revenues over expenditures	255,595	219,635
Beginning fund balance	113,038	368,633
Ending fund balance	$ 368,633	$ 588,268

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Basic Financial Statements

Dallas County Municipal Utility District No. 4
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 436,362	$ 1,225,065	$ 556,773	$ 2,218,200	$ -	$ 2,218,200
Taxes receivable	4,387	13,323		17,710		17,710
Customer service receivables	81,996			81,996		81,996
Internal balances	(23,872)	23,872				
Other receivables	459			459		459
Capital assets not being depreciated					3,543,185	3,543,185
Capital assets, net					27,006,364	27,006,364
Total Assets	$ 499,332	$ 1,262,260	$ 556,773	$ 2,318,365	30,549,549	32,867,914
Liabilities						
Accounts payable	$ 88,786	$ -	$ -	$ 88,786		88,786
Other payables	4,026			4,026		4,026
Customer deposits	33,500			33,500		33,500
Accrued interest payable					41,973	41,973
Due to developer					24,718,517	24,718,517
Long-term debt						
Due within one year					235,000	235,000
Due after one year					10,490,000	10,490,000
Total Liabilities	126,312			126,312	35,485,490	35,611,802
Deferred Inflows of Resources						
Deferred property taxes	4,387	13,323		17,710	(17,710)	
Fund Balances/Net Position						
Fund Balances						
Restricted		1,248,937	556,773	1,805,710	(1,805,710)	
Unassigned	368,633			368,633	(368,633)	
Total Fund Balances	368,633	1,248,937	556,773	2,174,343	(2,174,343)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 499,332	$ 1,262,260	$ 556,773	$ 2,318,365		
Net Position						
Net investment in capital assets					(4,166,195)	(4,166,195)
Restricted for debt service					1,220,287	1,220,287
Unrestricted					202,020	202,020
Total Net Position					$ (2,743,888)	$ (2,743,888)

See notes to basic financial statements.

Dallas County Municipal Utility District No. 4
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 365,495	$ -	$ -	$ 365,495	$ -	$ 365,495
Sewer service	270,363			270,363		270,363
Property taxes	287,014	775,817		1,062,831	13,796	1,076,627
Penalties and interest	9,981			9,981	1,462	11,443
Tap connection and inspection	121,062			121,062		121,062
Miscellaneous	11,364			11,364		11,364
Investment earnings	3,838	32,933	13,430	50,201		50,201
Total Revenues	1,069,117	808,750	13,430	1,891,297	15,258	1,906,555
Expenditures/Expenses						
Current service operations						
Purchased services	284,269			284,269		284,269
Professional fees	86,932		22,977	109,909		109,909
Contracted services	176,571			176,571		176,571
Repairs and maintenance	152,194			152,194		152,194
Utilities	23,128			23,128		23,128
Administrative	23,419	200		23,619		23,619
Other	9,551	25	40	9,616		9,616
Capital outlay	57,458		3,860,538	3,917,996	(3,917,996)	
Debt service						
Interest and fees		348,140		348,140	22,650	370,790
Developer interest			410,679	410,679		410,679
Debt issuance costs			401,218	401,218		401,218
Depreciation					749,773	749,773
Total Expenditures/Expenses	813,522	348,365	4,695,452	5,857,339	(3,145,573)	2,711,766
Revenues Over/(Under) Expenditures	255,595	460,385	(4,682,022)	(3,966,042)	3,966,042	
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		271,800	5,458,200	5,730,000	(5,730,000)	
Repayment of operating advances			(227,800)	(227,800)	227,800	
Net Change in Fund Balances	255,595	732,185	548,378	1,536,158	(1,536,158)	
Change in Net Position					(805,211)	(805,211)
Fund Balance/Net Position						
Beginning of the year	113,038	516,752	8,395	638,185	(2,576,862)	(1,938,677)
End of the year	$ 368,633	$ 1,248,937	$ 556,773	$ 2,174,343	$ (4,918,231)	$ (2,743,888)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Dallas County Municipal Utility District No. 4 (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 organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated August 30, 2019, and operates in accordance with the Texas Water Code, Chapters 49 and 54 and under the terms and conditions of Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution. The Board of Directors held its first meeting on October 16, 2019 and the first bonds were issued on September 19, 2023.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage and road facilities. 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.*

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's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. 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, interest earned on investments and income from District operations. 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.

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 March 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

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 water, wastewater, drainage and road facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Roads	30 years

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.

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 value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer 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.

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		$ 2,174,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 31,987,737	
Less accumulated depreciation	(1,438,188)	
		30,549,549
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	(41,973)	
Due to developer	(24,718,517)	
Bonds payable, net	(10,725,000)	
		(35,485,490)
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.		17,710
Total net position - governmental activities		$ (2,743,888)

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		$ 1,536,158
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 and penalties and interest.		15,258
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 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. Differences during the current year are for the following:		
Capital outlays	$ 3,917,996	
Depreciation expense	(749,773)	
		3,168,223
Financial reporting for certain 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 debt is issued 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 year are for the following:		
Issuance of long term debt	(5,730,000)	
Repayment of developer advances	227,800	
Interest expense accrual	(22,650)	
		(5,524,850)
Change in net position of governmental activities		$ (805,211)

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. Under this new guidance, the District's acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances.* On the government-wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position.*

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 and Transactions

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

Receivable Fund	Payable Fund	Amounts	Purpose
Debt Service Fund	General Fund	$ 23,872	Debt service 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.

Note 6 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 3,543,185	$ -	$ 3,543,185
Capital assets being depreciated			
Water, sewer, and drainage facilities	11,520,442	6,735,728	18,256,170
Roads	5,651,166	4,537,216	10,188,382
	17,171,608	11,272,944	28,444,552
Less accumulated depreciation			
Water, sewer, and drainage facilities	(387,298)	(410,160)	(797,458)
Roads	(301,117)	(339,613)	(640,730)
	(688,415)	(749,773)	(1,438,188)
Subtotal depreciable capital assets, net	16,483,193	10,523,171	27,006,364
Capital assets, net	$ 20,026,378	$ 10,523,171	$ 30,549,549

Depreciation expense for the current fiscal year was $749,773.

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 facilities 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 trued 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 developers during the fiscal year are as follows:

Due to developer, beginning of year	$ 17,591,369
Developer reimbursements	(3,860,538)
Developer funded construction and adjustments	11,215,486
Repayment of operating advances	(227,800)
Due to developer, end of year	$ 24,718,517

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 10,725,000
Due within one year	$ 235,000

The District's bonds payable at March 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
2023 Road	$ 4,995,000	$ 4,995,000	4.00% - 4.90%	March 1, 2026/2048	September 1, March 1	March 1, 2028
2024 Utility	5,730,000	5,730,000	4.00% - 6.50%	March 1, 2026/2049	September 1, March 1	March 1, 2029
	$ 10,725,000					

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 March 31, 2025, the District had authorized but unissued bonds in the amount of $55,970,000 for water, sewer and drainage facilities and $92,550,000 for the refunding of such bonds; and $37,185,000 for road improvements and $63,270,000 for the refunding of such bonds.

On September 27, 2024, the District issued its $5,730,000 Series 2024 Unlimited Tax Utility Bonds at a net effective interest rate of 4.504719%. Proceeds of the bonds were used (1) to reimburse developers for: the construction of capital assets within the District 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	$ 4,995,000
Bonds issued	5,730,000
Bonds payable, end of year	$ 10,725,000

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

Year	Principal	Interest	Totals
2026	$ 235,000	$ 503,670	$ 738,670
2027	245,000	491,270	736,270
2028	260,000	478,345	738,345
2029	275,000	464,570	739,570
2030	290,000	450,070	740,070
2031	310,000	488,580	798,580
2032	320,000	417,955	737,955
2033	340,000	400,643	740,643
2034	360,000	382,090	742,090
2035	380,000	362,365	742,365
2036	400,000	343,896	743,896
2037	425,000	324,260	749,260
2038	445,000	306,030	751,030
2039	465,000	286,725	751,725
2040	495,000	266,438	761,438
2041	520,000	244,718	764,718
2042	550,000	221,793	771,793
2043	580,000	197,540	777,540
2044	610,000	171,820	781,820
2045	650,000	144,371	794,371
2046	680,000	115,117	795,117
2047	720,000	84,509	804,509
2048	755,000	52,096	807,096
2049	415,000	17,638	432,638
	$ 10,725,000	$ 7,216,509	$ 17,941,509

Note 9 – Property Taxes

On May 1, 2021, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.20 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal 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 Dallas Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

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 $0.27 was allocated to maintenance and operations, $0.40 was allocated to utility debt service and $0.33 was allocated to road debt service . The resulting tax levy was $1,076,628 on the adjusted taxable value of $107,662,937.

Property taxes receivable, at March 31, 2025, consisted of the following:

Current year taxes receivable	$	16,248
Penalty and interest receivable		1,462
Property taxes receivable	$	17,710

Note 10 – Agreements with the City of Garland

Wholesale Water Contract

On January 15, 2021, the District entered into a wholesale water contract with the City of Garland (the "City") for water supply to serve customers within the District. The City owns and operates their own water distribution and water supply facilities and is responsible for providing up to 400,000 gpd of water to serve the District and operating the water supply system to the extent permitted by available water supply. The City bills the District each month for services provided to the District. The term of the contract is twenty years. For the year ended March 31, 2025, the District paid $220,498 for purchased water services in accordance with this agreement.

Wholesale Wastewater Contract

On January 15, 2021, the District entered into a wholesale wastewater contract with the City of Garland (the "City") for wastewater treatment to serve customers within the District. The City owns and operates their own wastewater treatment facilities and is responsible for the maintenance and ownership. Wholesale water rates will be determined once a year by or on behalf of the City. The City bills the District each month for services provided to the District. The term of the contract is twenty years. For the year ended March 31, 2025, the District paid $63,771 for purchased wastewater services in accordance with this agreement.

Note 11 – Related Parties

In the prior fiscal year, the Board approved the award of a developer financed construction contract to KCK Utility Construction ("KCK") for the construction of utility improvements within the District. Construction of the facilities was completed during the current fiscal year at a cost to the District of $3,451,672. Two members of the District's Board of Directors are employed by KCK but are not involved in KCK's bidding or contract negotiation with the District. The contract was competitively bid in accordance with all applicable State laws and regulations and the recommendation to award the bid to KCK was made by the District's consulting engineer.

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.

Note 13 – Subsequent Event

On June 26, 2025, the District approved the sale of its Series 2025 Unlimited Tax Utility Bonds in the amount of $6,865,000 and its Series 2025 Unlimited Tax Road Bonds in the amount of $3,780,000. Proceeds of the bonds will be used to reimburse the District's developer for infrastructure improvements in the District.

Required Supplementary Information

Dallas County Municipal Utility District No. 4
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 340,000	$ 365,495	$ 25,495
Sewer service	245,000	270,363	25,363
Property taxes	150,000	287,014	137,014
Penalties and interest	6,000	9,981	3,981
Tap connection and inspection	60,000	121,062	61,062
Miscellaneous	21,500	11,364	(10,136)
Investment earnings	300	3,838	3,538
Total Revenues	822,800	1,069,117	246,317
Expenditures			
Current service operations			
Purchased services	227,000	284,269	(57,269)
Professional fees	82,000	86,932	(4,932)
Contracted services	153,300	176,571	(23,271)
Repairs and maintenance	259,200	152,194	107,006
Utilities	48,000	23,128	24,872
Administrative	25,645	23,419	2,226
Other	8,300	9,551	(1,251)
Capital Outlay	15,000	57,458	(42,458)
Total Expenditures	818,445	813,522	4,923
Revenues Over Expenditures	4,355	255,595	251,240
Fund Balance			
Beginning of the year	113,038	113,038	
End of the year	$ 117,393	$ 368,633	$ 251,240

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

Dallas County Municipal Utility District No. 4
TSI-1. Services and Rates
March 31, 2025

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

[X] Retail Water	[ ] Wholesale Water	[X] Solid Waste / Garbage	[ ] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[ ] Irrigation
[ ] Parks / Recreation	[ ] Fire Protection	[X] Roads	[ ] Security

[ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ______________________

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:	$ 30.00	-0-	N	$ 5.25	0	to	3,000
				6.35	3,001	to	15,000
				$ 9.85	1,501	to	No limit
Wastewater:	$ 39.00	-0-	N	$ 5.30	0	to	No limit
						to	
Surcharge:						to	

District employs winter averaging for wastewater usage? [X] Yes [ ] No

Total charges per 10,000 gallons usage: Water $ 90.20 Wastewater $ 92.00

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	439	435	x 1.0	435
1"	3	3	x 2.5	8
1.5"			x 5.0	
2"	7	7	x 8.0	56
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
Total Water	449	445		499
Total Wastewater	438	434	x 1.0	434

See accompanying auditor's report.

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

Gallons purchased: *	43,530,000	Water Accountability Ratio: (Gallons billed / Gallons purchased)
Gallons billed to customers:	37,447,000	86.03%

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

Does the District have Debt Service standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ____________

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ____________

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Dallas County

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

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

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

Entirely [X] Partly [ ] Not at all [ ]

ETJs in which the District is located: City of Dallas

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

If Yes, by whom? ____________

* Purchased from City of Garland

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-2. General Fund Expenditures
For the Year Ended March 31, 2025

Purchased services	$ 284,269
Professional fees	
Legal	49,374
Audit	15,000
Engineering	22,558
	86,932
Contracted services	
Bookkeeping	15,352
Operator	77,747
Garbage collection	75,737
Inspection	6,550
Tax Assessor/collector	1,185
	176,571
Repairs and maintenance	152,194
Utilities	23,128
Administrative	
Directors fees	7,072
Insurance	13,348
Other	2,999
	23,419
Other	9,551
Capital outlay	57,458
Total expenditures	$ 813,522

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-4. Taxes Levied and Receivable
March 31, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 711	$ -	$ 1,741	$ 2,452
2024 Original Tax Levy	285,635	423,162	349,109	1,057,906
Adjustments	5,055	7,489	6,178	18,722
Adjusted Tax Levy	290,690	430,651	355,287	1,076,628
Total to be accounted for	291,401	430,651	357,028	1,079,080
Tax collections:				
Current year	286,303	424,152	349,925	1,060,380
Prior years	711		1,741	2,452
Total Collections	287,014	424,152	351,666	1,062,832
Taxes Receivable, End of Year	$ 4,387	$ 6,499	$ 5,362	$ 16,248
Taxes Receivable, By Years				
2024	$ 4,387	$ 6,499	$ 5,362	$ 16,248

	2024	2023	2022
Property Valuations:			
Land	$ 26,328,540	$ 14,615,130	$ 4,691,760
Improvements	81,921,250	6,984,890	
Personal Property	233,730		
Exemptions	(820,583)		
Total Property Valuations	$ 107,662,937	$ 21,600,020	$ 4,691,760
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 0.27	$ 0.29	$ 1.00
Debt service tax rates	0.40		
Road service tax rates	0.33	0.71	
Total Tax Rates per $100 Valuation	$ 1.00	$ 1.00	$ 1.00
Adjusted Tax Levy:	$ 1,076,628	$ 216,000	$ 46,918
Percentage of Taxes Collected to Taxes Levied **	98.49%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.20 on May 1, 2021

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

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
March 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 115,000	$ 231,870	$ 346,870
2027	120,000	227,270	347,270
2028	125,000	222,470	347,470
2029	135,000	217,470	352,470
2030	140,000	212,070	352,070
2031	150,000	260,330	410,330
2032	155,000	200,105	355,105
2033	165,000	193,518	358,518
2034	175,000	186,340	361,340
2035	185,000	178,640	363,640
2036	195,000	170,408	365,408
2037	205,000	161,535	366,535
2038	215,000	152,105	367,105
2039	225,000	142,000	367,000
2040	240,000	131,313	371,313
2041	250,000	119,793	369,793
2042	265,000	107,668	372,668
2043	280,000	94,815	374,815
2044	295,000	81,095	376,095
2045	315,000	66,640	381,640
2046	330,000	51,204	381,204
2047	350,000	35,034	385,034
2048	365,000	17,884	382,884
	$ 4,995,000	$ 3,461,577	$ 8,456,577

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
March 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 120,000	$ 271,800	$ 391,800
2027	125,000	264,000	389,000
2028	135,000	255,875	390,875
2029	140,000	247,100	387,100
2030	150,000	238,000	388,000
2031	160,000	228,250	388,250
2032	165,000	217,850	382,850
2033	175,000	207,125	382,125
2034	185,000	195,750	380,750
2035	195,000	183,725	378,725
2036	205,000	173,488	378,488
2037	220,000	162,725	382,725
2038	230,000	153,925	383,925
2039	240,000	144,725	384,725
2040	255,000	135,125	390,125
2041	270,000	124,925	394,925
2042	285,000	114,125	399,125
2043	300,000	102,725	402,725
2044	315,000	90,725	405,725
2045	335,000	77,731	412,731
2046	350,000	63,913	413,913
2047	370,000	49,475	419,475
2048	390,000	34,212	424,212
2049	415,000	17,638	432,638
	$ 5,730,000	$ 3,754,932	$ 9,484,932

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
March 31, 2025

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2026	$ 235,000	$ 503,670	$ 738,670
2027	245,000	491,270	736,270
2028	260,000	478,345	738,345
2029	275,000	464,570	739,570
2030	290,000	450,070	740,070
2031	310,000	488,580	798,580
2032	320,000	417,955	737,955
2033	340,000	400,643	740,643
2034	360,000	382,090	742,090
2035	380,000	362,365	742,365
2036	400,000	343,896	743,896
2037	425,000	324,260	749,260
2038	445,000	306,030	751,030
2039	465,000	286,725	751,725
2040	495,000	266,438	761,438
2041	520,000	244,718	764,718
2042	550,000	221,793	771,793
2043	580,000	197,540	777,540
2044	610,000	171,820	781,820
2045	650,000	144,371	794,371
2046	680,000	115,117	795,117
2047	720,000	84,509	804,509
2048	755,000	52,096	807,096
2049	415,000	17,638	432,638
	$ 10,725,000	$ 7,216,509	$ 17,941,509

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt
March 31, 2025

	Bond Issue		
	Series 2023 Road	Series 2024 Utility	Totals
Interest rate	4.00% - 4.90%	4.00% - 6.50%	
Dates interest payable	9/1 ; 3/1	9/1 ; 3/1	
Maturity dates	3/1/26 - 3/1/48	3/1/26 - 3/1/49	
Beginning bonds outstanding	$ 4,995,000	$ -	$ 4,995,000
Bonds issued		5,730,000	5,730,000
Ending bonds outstanding	$ 4,995,000	$ 5,730,000	$ 10,725,000
Interest paid during fiscal year	$ 231,870	$ 116,270	$ 348,140
Paying agent's name and city All Series	BOKF, NA, Dallas, Texas		

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 61,700,000	$ 92,550,000	$ 42,180,000	$ 63,270,000
Amount Issued	(5,730,000)		(4,995,000)	
Remaining To Be Issued	$ 55,970,000	$ 92,550,000	$ 37,185,000	$ 63,270,000

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 March 31, 2025:	$ 1,225,065
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 747,563

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022**	2021**
Revenues					
Water service	$ 365,495	$ 289,015	$ 18,893	$ -	$ -
Sewer service	270,363	177,992	9,279		
Property taxes	287,014	61,928	46,918		
Penalties and interest	9,981	4,757	1,874		
Tap connection and inspection	121,062	114,899	88,942		
Miscellaneous	11,364	17,150	450		
Investment earnings	3,838	134			
Total Revenues	1,069,117	665,875	166,356		
Expenditures					
Current service operations					
Purchased services	284,269	215,823	4,331		
Professional fees	86,932	65,429	53,583	25,134	53,857
Contracted services	176,571	179,268	29,084	2,756	
Repairs and maintenance	152,194	227,385	164,279		
Utilities	23,128	16,104			
Administrative	23,419	22,074	14,654	4,711	3,691
Other	9,551	5,616	626	150	
Capital outlay	57,458				
Total Expenditures	813,522	731,699	266,557	32,751	57,548
Revenues Over/(Under) Expenditures	$ 255,595	$ (65,824)	$ (100,201)	$ (32,751)	$ (57,548)
Total Active Retail Water Connections	445	291	133	N/A	N/A
Total Active Retail Wastewater Connections	434	284	128	N/A	N/A

*Percentage is negligible
** Unaudited
See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021**
34%	43%	11%	-%	-%
25%	27%	6%		
28%	9%	28%		
1%	1%	1%		
11%	17%	54%		
1%	3%	*		
*	*			
100%	100%	100%	-	-
27%	32%	3%		
8%	10%	32%	-	-
17%	27%	17%	-	
14%	34%	99%		
2%	2%			
2%	3%	9%	-	-
1%	1%	*	-	
5%				
76%	109%	160%	-	-
24%	(9%)	(60%)	-%	-%

Dallas County Municipal Utility District No. 4
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2025	2024	2025	2024
Revenues				
Property taxes	$ 775,817	$ 151,620	96%	96%
Investment earnings	32,933	5,784	4%	4%
Total Revenues	808,750	157,404	100%	100%
Expenditures				
Tax collection services	200	50	*	*
Other	25		*	
Debt service				
Interest and fees	348,140	104,342	43%	66%
Total Expenditures	348,365	104,392	43%	66%
Revenues Over Expenditures	$ 460,385	$ 53,012	57%	34%

*Percentage is negligible

See accompanying auditor's report.

Dallas County Municipal Utility District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended March 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):	October 11, 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)	

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Chad McEntee	05/22 - 05/26	$ 1,768	$ 245	President
Richard King	05/22 - 05/26	1,326	482	Vice President
David D. Fudge	05/24 - 05/28	1,326	151	Secretary
Timothy Brimelow	05/22 - 05/26	1,547	153	Assistant Secretary
Kurt Beason	08/24 - 05/28	1,105	27	Assistant Secretary
		Amounts Paid		
Consultants				
Coats Rose, P.C.	10/19			Attorney
General legal fees		$ 46,414		
Bond counsel		122,496		
Inframark	10/21	308,315		Operator
L&S District Services, LLC	10/19	18,687		Bookkeeper
Dallas County Tax Assessor/Collector	04/23	452		Tax Collector
Dallas Central Appraisal District	Legislation	780		Property Valuation
JBI Partners, Inc.	05/21	19,388		Engineer
McGrath & Co., PLLC	07/23	23,250		Auditor
Tierra Financial Advisors	10/21	58,627		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

August 7, 2025

Board of Directors
Dallas County Municipal Utility District No. 4
Dallas County, Texas

In planning and performing our audit of the financial statements of governmental activities and each major fund of Dallas County Municipal Utility District No. 4 (the "District"), as of and for the year ended March 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. 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, 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 Dallas County Municipal Utility District No. 4 (the "District") of its bonds styled "Dallas County Municipal Utility District No. 4 Unlimited Tax [ROAD/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:

Principal Amount	Year of Maturity	Interest Rate
$__________	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: _______%

Principal Amount	Redemption Date
$__________	[MARCH/SEPTEMBER] 1, 20__
$__________	[MARCH/SEPTEMBER] 1, 20__

$___________
Term Bond

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

Principal Amount	Redemption Date
$__________	[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, Dallas County, Texas, the City of Dallas, Texas, 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.