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 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 prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 29, 2026

This Preliminary Official Statement is subject to completion and amendment, and is intended solely for the purpose of soliciting initial bids on the Bonds (defined below). Upon sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (defined below).

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the Issuer (defined herein) after the date of initial delivery of the Bonds described below (the "Bonds") with certain covenants contained in the Order (defined below) authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein.

THE BONDS WILL NOT BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

NEW ISSUE – BOOK-ENTRY-ONLY

Rating: Moody's "Baa3"/Underlying (see "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating" and "BOND INSURANCE" herein)

$16,340,000
BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
(A political subdivision of the State of Texas located within Denton County)

UNLIMITED TAX UTILITY BONDS, SERIES 2026

Dated: October 15, 2026 Due: September 1, as shown below

The $16,340,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds") are obligations solely of Brookfield Water Control and Improvement District of Denton County (the "District") and are not obligations of the State of Texas; Denton County, Texas; the City of Fort Worth, Texas, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially, UMB Bank, N.A., in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from October 15, 2026 (the "Dated Date") and will be payable on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in principal denominations of $5,000 or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity, as shown below.

The Bonds will be registered and delivered only 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. See "BOOK-ENTRY-ONLY SYSTEM."

CUSIP Prefix: 112898 [(a)]

MATURITY SCHEDULE

Maturity Amount	Maturity (September 1)	Interest Rate	Initial Yield [(c)]	CUSIP Suffix[(a)]	Maturity Amount	Maturity (September 1)	Interest Rate	Initial Yield [(c)]	CUSIP Suffix[(a)]
$ 325,000	2028				$ 575,000	2040			
355,000	2029				590,000	2041			
380,000	2030				620,000	2042			
405,000	2031				640,000	2043			
420,000	2032				665,000	2044			
440,000	2033				690,000	2045			
455,000	2034				715,000	2046			
475,000	2035				745,000	2047			
490,000	2036				775,000	2048			
510,000	2037				835,000	2049			
530,000	2038				2,025,000	2050			
550,000	2039				2,130,000	2051			

(a) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(b) Bonds maturing on and after September 1, 2033 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

(c) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date. Accrued interest is to be added to the price.

The District has applied for bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer and fees charged by any rating company, will be at the option and expense of the Initial Purchaser (as defined herein).

The Bonds are offered by the winning bidder for the Bonds (the "Initial Purchaser") subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Dallas, Texas, Bond Counsel. Certain legal matters will be reviewed by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel to the District. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 5, 2026.

BIDS DUE: TUESDAY, OCTOBER 6, 2026, 9:00 A.M., CENTRAL TIME

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DISTRICT LOCATION MAP

APPENDIX A – Annual Financial Report of the District for the year ended July 31, 2025

APPENDIX B – Form of Bond Counsel's opinion

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof ("Rule 15c2-12"), this document constitutes an "official statement" 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 the information permitted by Rule 15c2-12.

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

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, 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 Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201.

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Initial Purchaser") paying the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price 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.

Securities Laws

No registration statement relating to the offer and sale of 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 and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other 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 shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

Municipal Bond Rating

The Bonds are rated "Baa3" by Moody's Investors Service ("Moody's") without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

Municipal Bond Insurance

The District has applied for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, including payment of all associated costs, including the premium charged by the insurer and fees charged by any rating company, will be at the option and expense of the Initial Purchaser.

(Continues on following page.)

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described therein.

THE DISTRICT

Description... In an order dated April 19, 2007, the Texas Commission on Environmental Quality (the "TCEQ"), pursuant to a Petition of Boa Sorte Limited Partnership, Rio Claro, Inc., JTLD Investments LLLP, and Mt. Baldy Limited Partnership, granted the creation of South Denton Water Control and Improvement District No. 1 ("WCID No. 1") pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code. WCID No. 1 was created by the TCEQ to provide water supply and distribution facilities, wastewater collection and treatment facilities, and drainage improvements within the district's area, which covered 231.59 acres. On October 2, 2015, WCID No. 1, after due notice and hearing, converted to a fresh water supply district operating under Chapter 53, Texas Water Code. At an election held on May 7, 2016, the qualified electors of WCID No. 1 granted to WCID No. 1 the rights, authority, privileges and functions or a road district under Article III, Section 52(b)(3) of the Texas Constitution; and the powers to purchase, construct, acquire, own and operate, repair, improve and extend sanitary sewer systems in accordance with the Texas Constitution and laws of the State of Texas, including particularly (but by no way of limitation) Section 53.121(b) of the Texas Water Code, as amended. In an order dated October 20, 2016, the TCEQ approved WCID No. 1's request to change its name from South Denton Water Control and Improvement District No. 1 to Brookfield Fresh Water Supply District No. 1 ("FWSD No. 1"). On August 2, 2019, FWSD No. 1, after due notice and hearing, converted back to a water control and improvement district operating under Chapter 51, Texas Water Code, retaining its road powers. In an order dated August 4, 2020, the TCEQ approved FWSD No. 1's acquisition of drainage powers under Sections 51.331 through 51.332 of the Texas Water Code. In an order dated June 15, 2021, the TCEQ approved FWSD No. 1's request to change its name from Brookfield Fresh Water Supply District No. 1 to Brookfield Water Control and Improvement District of Denton County (the "District"). On November 3, 2022, the District received a petition from Double R DevCo, LLC requesting the addition of 453.818 acres of land into the District. On November 4, 2022, the board of directors of the District approved the addition of 230 of the 453.818 acres of land into the District, in accordance with Section 51.714, Texas Water Code, with the intention to add the remainder of the lands in the next calendar year. Thereafter, on February 6, 2023, the District approved the addition of the remaining 223.818 acres from the 453.818 acres into the District. On May 5, 2023, Double R DevCo, LLC submitted a petition for the addition of 41.012 acres of land into the District, and DRH – HWY 114, LLC submitted a petition for the addition of 2.226 acres of land into the District. On May 5, 2023, the board of directors of the District approved the addition of the 41.012 and 2.226 acres of land into the District. Pursuant to such additions to the boundaries of the District, the District now contains 728.645 acres. The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

Location... The District encompasses approximately 728.645 acres and is located north of State Highway 114 in southwestern Denton County approximately 1 mile east of the Wise County line. The District is approximately 7 miles east of the City of Rhome and 27 miles of the central downtown business district of the City of Fort Worth, Texas. The District is located wholly within the extraterritorial jurisdiction of the City of Fort Worth. The District is located within the Northwest Independent School District.

The Developers... DRH – HWY 114, LLC ("DRH"), a Texas limited liability company, was the developer of land within the Liberty Trails section of the District. DRH is managed by D.R. Horton – Texas, Ltd. a Texas limited partnership. D.R. Horton – Texas, Ltd. is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange.

Forestar Group Inc. ("Forestar", and collectively with DRH, the "Developers"), a publicly traded corporation whose stock is listed on the New York Stock Exchange, and who is also a majority owned subsidiary of D.R. Horton, Inc., is currently a developer of land within the Lone Star section of the District and has completed development of Phases 1A and 1B of the Lone Star at Liberty Trails.

Double R DevCo, LLC ("Double R"), Texas limited liability company, is currently a majority landowner of land within the District, but it is not developing land within the District. Double R currently owns raw land within the Lone Star section of the District on which future phases of Lone Star are planned for future development. Double R is managed by Douglas R. Horton and Donald R. Horton, as managers. DRH, Forestar and Double R are related entities.

Brookfield Acquisitions, L.P., the original developer of the District, conveyed an approximately 7.349 acre tract of land bordering Highway 114, which was intended for commercial use, to 15306 HWY 114 LLC in December 2020. Brookfield Acquisitions, L.P. no longer owns land within the District. No development has occurred on land intended for commercial use.

Status of Development... A portion of the District has been developed as Liberty Trails (a single-family residential development) by DRH. Completed development currently consists of approximately 143.147 acres of Liberty Trails Phases 1A, 1B, 2, 3, 4 and 5 consisting of 784 completed homes. Offsite water and wastewater improvements to serve Liberty Trails have also been completed.

Forestar has developed Phases 1A and 1B of Lone Star at Liberty Trails (a single-family residential development currently planned as 1,712 single-family lots). Completed development currently consists of 153.88 acres of Lone Star at Liberty Trails Phases 1A and 1B. The Lone Star at Liberty Trails development is currently planned to be completed in eight phases consisting of 1,712 single-family lots.

Lone Star at Liberty Trails Phases 1A & 1B consist of 564 lots that are fully developed.

Phase 2 of Lone Star at Liberty Trails is being completed in two phases: Phase 2A and Phase 2B and consists of approximately 153.880 acres. Phase 2A includes 209 lots and is projected to be completed and accepted by the District in April 2027. Phase 2B encompasses 186 lots, with civil plans already approved and final contractor bids currently under review. Lot delivery for Phase 2B is expected in May 2028.

As of September 1, 2026 there were 1,221 completed homes within the District. Amenities completed within the District include a club house, a swimming pool, paved sidewalks and a fishing pond.

See "THE DISTRICT — Land Use" and "THE DISTRICT — Status of Development."

Homebuilders… Homebuilding in the District is currently being conducted by D.R. Horton Express Homes, a homebuilder subsidiary of D.R. Horton, Inc. As of September 24, 2026, D.R. Horton Express Homes had completed 1,221 homes (including 2 model homes).

New home floor plans range from 1,325 sq. ft. to 2,178 sq. ft., and new home prices range from $279,990 to $378,955, according to D.R. Horton Express Homes.

As of date of this Official Statement, there were no other homebuilders active within the District.

(Continues on following page.)

THE BONDS

Description...	$16,340,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds to be adopted on the date of the sale of the Bonds by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature on the dates and in the principal amounts and bear interest at the rates shown on the cover page hereof. The Bonds will be issued in book-entry form only in principal denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on and after September 1, 2033 are subject to redemption in whole or from time to time in part, at the option of the District, prior to their maturity dates on September 1, 2032, and on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds from the sale of the Bonds will be used to reimburse the Developer for the construction of utility improvements. Bond proceeds will also be used pay 12-months of capitalized interest at the net effective interest rate, and pay certain costs related to the issuance of the Bonds. See "ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are issued pursuant to the Bond Order to be adopted on October 1, 2026 by the Board, the Texas Constitution and the general laws of the State of Texas, and an election held within the boundaries of the District and an order from the Texas Commission on Environmental Quality (the "TCEQ"), dated September 1 2026. See "THE BONDS—Authority for Issuance." At elections held within the District on May 1, 2021, voters authorized a total of $172,005,000 of unlimited tax bonds, consisting of $91,050,000 for road purposes (the "Road Bonds") and $80,955,000 for water, sewer, and drainage purposes (the "Utility Bonds"). After the issuance of the Bonds, the District will have $75,500,000 in Road Bonds and $48,115,000 in Utility Bonds authorized but unissued. Voters in the District have also authorized $113,812,500 in bonds for the purpose of refunding Road Bonds and $101,193,750 in bonds for the purpose of refunding Utility Bonds. See "THE BONDS—Issuance of Additional Debt."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the City of Fort Worth, Texas; Denton County, Texas; the State of Texas or any entity other than the District. See "THE BONDS—Source and Security for Payment."
Outstanding Bonds...	The District has $14,695,000 unlimited tax road bonds outstanding (the "Outstanding Road Bonds") and $16,145,000 unlimited tax utility bonds(the "Outstanding Utility Bonds"). The Bonds will constitute the District's second issuance of unlimited tax utility bonds.
Payment Record...	The District has never defaulted in the payment of debt service on its bonds.
Qualified Tax-Exempt Obligations...	The District will NOT designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS."
Municipal Bond Rating	The Bonds have been rated "Baa3" by Moody's Investors Service ("Moody's"), without regard to credit enhancement (see "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating" and "Municipal Bond Insurance").
Municipal Bond Insurance	The District has applied for municipal bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer and any fees charged by any rating company, will be at the option and expense of the Initial Purchaser.
Bond Counsel...	Winstead PC, Dallas, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants," "LEGAL MATTERS" and "TAX MATTERS."
General Counsel...	Winstead, PC, Dallas, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants."

Disclosure Counsel...	McCall, Parkhurst & Horton, L.L.P., Dallas, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants."
Municipal Advisor…	Hilltop Securities Inc., Dallas, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants" and "PREPARATION OF OFFICIAL STATEMENT – Municipal Advisor."
Engineer…	Pape-Dawson Engineers, Inc., Fort Worth, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants."
Paying Agent/Registrar...	UMB Bank, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

(Continues on following page)

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Certified Net Taxable Assessed Valuation	$ 310,204,388	(1)
Direct Debt:		
Outstanding Road Bonds	$ 30,840,000	
The Bonds	16,340,000	
Total Direct Debt	$ 47,180,000	
Estimated Overlapping Debt	$ 22,849,600	(2)
Total Direct Debt and Estimated Overlapping Debt	$ 70,029,600	
Ratio of Direct Debt to:		
2026 Certified Net Taxable Assessed Valuation	15.21%	
Ratio of Direct Debt and Estimated Overlapping Debt to:		
2026 Certified Net Taxable Assessed Valuation	22.58%	
Average Annual Debt Service Requirement (2027-2051)	$ 3,151,489	
Maximum Annual Debt Service Requirement (2030)	$ 3,296,376	
Tax Rate Required to Pay Average Annual Debt Service (2027-2051) at a 98% Collection Rate		
Based upon the 2026 Certified Net Taxable Assessed Valuation	$ 1.0367	
Tax Rate Required to Pay Maximum Annual Debt Service (2030) at a 98% Collection Rate		
Based upon the 2026 Certified Net Taxable Assessed Valuation	$ 1.0843	
General Fund Balance as of September 4, 2026	$ 392,357	
Capital Projects Fund Balance as of September 4, 2026	$ 3,803,636	
Road Debt Service Fund Balance as of September 4, 2026	$ 774,042	(3)
Utility Debt Service Fund Balance (at Delivery Date of the Bonds)	$ 461,075	(4)
2026 District Tax Rate (per $100 Assessed Valuation)		(5)
Road Debt Service	$ 0.3535	
Utility Debt Service	0.4531	
Maintenance and Operations	0.0709	
Total Tax Rate	$ 0.8775	
Status of Estimated Home Construction as of September 24, 2026[6]		
Vacant Finished Lots	127	
Single Family Homes Completed	1,221	
Single Family Homes Under Construction	0	

(1) As certified by the Denton Central Appraisal District as of January 1, 2026. Includes $3,052,329 under protest. See "TAXING PROCEDURES."

(2) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Overlapping Debt and Taxes."

(3) Any funds in the Road Bond Debt Service fund are pledged only to pay the debt service on the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Road Bond Debt Service Fund.

(4) Any funds in the Utility Bond Debt Service fund are pledged only to pay the debt service on the Bonds, the Outstanding Utility Bonds and any additional utility bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Utility Bond Debt Service Fund. Upon delivery of the Bonds, the District will deposit the accrued interest from the Dated Date to the Delivery Date in the Utility Bond Debt Service Fund. 12-months of capitalized interest at the Bonds net effective interest rate will also be deposited in the Utility Bond Debt Service Fund.

(5) See "TAX DATA." The District adopted an $0.8775 tax rate for Tax Year 2026 on September 4, 2026. Taxes deposited to the Road Bond Debt Service Fund can only be used to pay debt service on District obligations that are issued for road purposes, including the Outstanding Road Bonds and future road bonds. Taxes deposited to the Utility Bond Debt Service Fund can only be used to pay debt service on District obligations that are issued for utility purposes, including the Bonds and future utility bonds.

(6) As reported by the Engineer and the Developer.

PRELIMINARY OFFICIAL STATEMENT

$16,340,000

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
(A political subdivision of the State of Texas located within Denton County)

UNLIMITED TAX UTILITY BONDS
SERIES 2026

This Preliminary Official Statement provides certain information in connection with the issuance by Brookfield Water Control and Improvement District of Denton County (the "District") of its $16,340,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas including Chapters 49, 51 and 53 of the Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order"), to be adopted on the date of the sale of the Bonds by the Board of Directors of the District (the "Board"); an election held within the District on May 1, 2021; and an order from the Texas Commission on Environmental Quality (the "TCEQ"), dated September 1, 2026.

This Preliminary Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developers, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Winstead PC, General Counsel, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201.

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City of Fort Worth, Texas; Denton County, Texas; the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies" below.

Economic Factors and Interest Rates

The majority of the taxable value of the District results from the current market value of single-family residences, undeveloped land and of developed lots which are currently being marketed by the Developers for sale to homebuilders and homebuyers for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 27 miles from the central downtown business district of the City of Fort Worth, Texas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Fort Worth metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Fort

Worth, Texas and the nation could adversely affect development and home-building plans in the District and restrain the growth of or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 27 miles from downtown Fort Worth, Texas, could be affected by competition from other residential developments including other residential developments located in the vicinity of the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Fort Worth, Texas. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Development and Home Construction in the District

As of September 24, 2026, approximately 127 developed lots within the District remained vacant, 0 homes were under construction and 1,221 homes had been completed including 2 homes serving as models. Failure of builders to construct taxable improvements on developed lots could result in increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and the contractual obligations of the District. Future increases in value will result primarily from the construction and sale of homes by builders. See "THE DEVELOPERS—Homebuilders."

Dependence on Significant Taxpayers

Based on the 2026 certified tax rolls, the Developers and their affiliates are responsible for approximately 7.16% of the District's 2026 taxes. The ability of any significant taxpayer, such as the Developers, 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. If, for any reason, one or more significant taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Utility Bond Debt Service Fund (defined herein) or any other funds to allow for any such delinquencies. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. Therefore, failure by one or more significant taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. In addition, for so long as the District's tax base continues to be concentrated in a relatively small number of taxpayers, the willingness and ability of such taxpayers to pay maintenance taxes and to make future operating advances may affect the flow of funds into the District's General Fund.

Undeveloped Acreage/Vacant Lots

There are approximately 484.107 developable acres of land within the District (not including the 297.27 acres already developed by DRH and Forestar that include 1,348 single family residential lots) that have not been fully provided with water, wastewater, storm drainage facilities and roads. Double R, an entity related to DRH and Forestar, is the landowner of the majority of undeveloped land within the District. The District makes no representation as to when or if development of undeveloped acreage will occur. As of September 1, 2026, there were 127 vacant developed lots. See "THE DISTRICT—Land Use."

Brookfield Acquisitions, L.P., the original developer of the District, conveyed an approximately 7.349 acre tract of land bordering Highway 114, which was intended for commercial use, to 15306 HWY 114 LLC in December 2020. No development has occurred on land intended for commercial use. Brookfield Acquisitions, L.P. no longer owns land within the District.

Increase in Costs of Building Materials

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

development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developers or homebuilders.

Overlapping Debt and Taxes

The District cannot predict and has no control over future debt and tax plans of the overlapping jurisdictions. – See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Overlapping Debt and Taxes." There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Denton and Wise Counties area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. After issuance of the Bonds, the combined average annual debt service requirement is projected to be $3,151,489 (2027 through 2051) and the combined maximum annual debt service requirement is projected to be $3,296,376 (2030). The 2026 certified taxable assessed valuation of the District is $310,204,388. Assuming no increase or decrease from the 2026 certified taxable assessed valuation and no use of funds other than tax collections, a tax rate of $1.0367 per $100 assessed valuation at a 98% collection rate would be necessary to pay the average annual debt service requirement and a tax rate of $1.0843 per $100 assessed valuation at a 98% collection rate would be necessary to pay the maximum annual debt service requirement. (see " FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Pro Forma Debt Service Requirements"). Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Outstanding Road Bonds and the Bonds based upon the 2026 certified taxable assessed valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event significant taxpayers do not timely pay their District taxes. Any increase in taxable values depends on the continuing construction and sale of homes and other taxable improvements within the District. See "TAXING PROCEDURES" and "TAX DATA-Tax Adequacy for Debt Service."

Landowners/Developer/Homebuilders Under No Obligation to the District

There are no commitments from or obligations of the Developers or homebuilders within the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers and the other landowners for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such condition may have on their ability to pay taxes. See "THE DEVELOPERS."

Operating Funds

The District's general fund balance as of September 4, 2026 was $392,357.04. Continued maintenance of positive general fund balance is no longer dependent upon cash subsidies from the Developer.

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial 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, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) — Estimated Overlapping Debt and Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

The Bond Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due or the District defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners may seek a writ of mandamus to compel the District or District officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Registered Owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue or 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, default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy code ("Chapter 9"). Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. The District may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes, bond anticipation notes, unlimited tax utility bonds and unlimited tax road bonds, and to borrow for any valid corporate purpose. Pursuant to an election held on May 1, 2021, the District electors authorized a total of $80,955,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities ("Utility Bonds"), and $91,050,000 principal amount of unlimited tax bonds for roads ("Road Bonds"). The District is also authorized to issue unlimited tax refunding bonds in an amount equal to $101,193,750 for the purpose of refunding Utility Bonds and $113,812,500 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have $75,500,000 unlimited tax bonds for road facilities authorized but unissued and $48,115,000 of unlimited tax bonds for water, wastewater and storm drainage facilities authorized but unissued. The District's Engineer believes that such remaining authorization of unlimited tax bonds for water, wastewater, storm drainage, and roads purposes will be sufficient to finance improvements for the remainder of the District. See "THE BONDS—Issuance of Additional Debt." In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. See "THE BONDS—Authority for Issuance." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

Pursuant to developer financing agreements, prior to the issuance of the Bonds, the District owes the Developers approximately $47,481,000 plus interest for engineering and construction of water, wastewater and storm drainage facilities and roads and related improvements. After the issuance of the Bonds the remaining balance owed to the Developers by the District will be approximately $31,316,000. The District expects to issue additional bonds to reimburse the Developers and to finance water, wastewater, storm drainage facilities, and roads when feasible from time-to-time in order to fully develop the District.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality ("TCEQ"), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to

assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ. See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Fort Worth; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

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; and
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a special district, such as the 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.

Future and Proposed Legislation

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

Marketability of the Bonds

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control 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 price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Extreme Weather Events

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, freeze, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District,

the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "LEGAL MATTERS" and "TAX MATTERS."

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Cybersecurity insurance to protect against such breaches is limited. The District does not have a specific cybersecurity policy at this time.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. The Bond Order will authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and accrue interest from October 15, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. Interest will be payable on the basis of a 360-day year of twelve 30-day months. The Bonds mature on September 1 in each of the years and in the amounts, and pay interest at the rates, shown on the cover page hereof. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on May 1, 2021, voters of the District authorized the issuance of $80,955,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities and the Bonds are issued pursuant to such authorization.

The Bonds are issued pursuant to the Texas Constitution; the general laws of the State of Texas including Chapters 49, 51 and 53 of the Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order"), to be adopted on the date of the sale of the Bonds by the Board of Directors of the District (the "Board"); an election held within the District on May 1, 2021; and an order from the Texas Commission on Environmental Quality (the "TCEQ"), dated _____, 2026.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source and Security for Payment

The Bonds and any additional unlimited tax utility bonds issued in the future, will be payable from and secured by a pledge of the proceeds of an annual utility ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. The District may also levy a separate annual road ad valorem tax, without legal limitation

as to rate or amount, upon all taxable property located within the District for the payment of unlimited tax road bonds. Taxes collected and deposited to the utility bond debt service fund cannot be used to pay debt service on unlimited tax road bonds. Likewise, taxes collected and deposited to the road bond debt service fund cannot be used to pay debt service on the Bonds or any future utility bonds. See "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations of the District and are not obligations of the City of Fort Worth, Texas; Denton County, Texas; the State of Texas or any entity other than the District.

Outstanding Bonds

The District has $14,695,000 unlimited tax road bonds outstanding (the "Outstanding Road Bonds") and $16,145,000 unlimited tax utility bonds (the "Outstanding Utility Bonds" and collectively with the Outstanding Road Bonds, the "Outstanding Bonds").

Funds

The Bond Order creates a Series 2026 Utility Capital Projects Fund (the "Construction Fund") and a Series 2026 Utility Debt Service Fund (the "Utility Bond Debt Service Fund"). Accrued interest from the dated date to the delivery date of the Bonds, and 12 months of capitalized interest calculated at the net effective interest rate on the Bonds, will be deposited into the Utility Bond Debt Service Fund. All remaining proceeds of the Bonds will be deposited in the Construction Fund or used to pay costs of issuance. The Utility Bond Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds. 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 (as herein defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds. The District has created a separate road bond debt service fund for the payment of debt service on unlimited tax road bonds.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District, provided that if fewer than all the Bonds within a particular maturity are redeemed at any time, the particular Bonds within each such maturity to be redeemed shall be selected by the Paying Agent/Registrar from the Bonds which have not previously been called for redemption, by lot or other customary method of random selection. However, if during any period in which ownership of the Bonds is determined only by a book entry at a securities depository, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected in accordance with arrangements between the District and the securities depository. See "BOOK-ENTRY-ONLY SYSTEM."

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bond or portions thereof so redeemed shall no longer be regarded as outstanding except for purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed UMB Bank, N.A., having a designated payment office in Dallas, Texas, as the initial paying agent/registrar for the Bonds (the "Paying Agent/Registrar,"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the last day of the month (whether or not a business day) preceding such payment date.

Registration and Transfer

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Registered Owners' income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the bond register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be either a duly qualified and competent bank or trust company organized under the laws of the State of Texas.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt of 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) authorizes bonds of the District (including the Bonds) to be 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 purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might 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.

Issuance of Additional Debt

The District expects to issue additional bonds to finance road and water, wastewater and storm drainage facilities as soon as feasible and from time-to-time in order to fully reimburse the Developers for advances made by the Developers to construct roads and water, wastewater, and storm drainage facilities. The District's voters have authorized the issuance of a total of $80,955,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities, and $91,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to $101,193,750 for the purpose of refunding Utility Bonds and $113,812,500 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have $48,115,000 unlimited tax bonds authorized but unissued for water, wastewater and storm drainage purposes and $75,500,000 of unlimited tax bonds authorized but unissued for road facilities. See "RISK FACTORS—Future Debt."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality ("TCEQ"), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds

and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Fort Worth in whose extraterritorial jurisdiction the District is located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

Remedies in Event of Default

Texas law and the Bond Order provide that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any registered owner ("Registered Owner(s)") shall be entitled at any time to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation or condition prescribed by the Bond Order. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, obligations or conditions prescribed in the Bond Order, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. Except for a mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Further, certain traditional legal remedies also may not be available. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

Defeasance

The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Bonds. The Bond Order provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial

arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Annexation

The District is located entirely within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City"). Under Texas law, a municipality may annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Local Government Code ("Chapter 43"). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the district through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. The District has an estimated population of 2,723, thus triggering the petition process discussed in clause (b) above. The above-described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the district. The City and the District are not currently parties to a strategic partnership agreement, but the City, the District and Brookfield Acquisitions, L.P. are parties to the Development Agreement (defined below).

If the District is annexed, the City must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur. Additionally, the power of the City to annex the District is restricted by the Development Agreement.

Brookfield Acquisitions, L.P. has entered into an Amended Development Agreement with the City of Fort Worth effective as of February 15, 2017 and joined by the District on February 16, 2017 (the "Development Agreement"), which supersedes a previous development agreement between such parties and which sets forth certain additional parameters under which the City might annex the District. The Development Agreement provides that the property within the District shall be immune from annexation by the City until the earlier to occur of: (i) the dissolution of the District, other than by annexation of the City, (ii) the date that construction of all water, sewer, drainage, and roadway facilities to serve 90% of the District property has occurred and bonds have been issued by the District to reimburse the Developers for such facilities, or (iii) February 17, 2037. The term of the Development Agreement and terms contained therein setting forth the parameters under which the City might annex the District may be extended or altered by mutual agreement of the parties thereto, which would also extend or alter the District's immunity from annexation, but no representation is made concerning the likelihood of such an extension or alteration.

Consolidation

The District has the legal authority to consolidate with other districts and in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. No representation is made concerning whether the District will consolidate with any other district, and the District currently has no plans to do so.

BOND INSURANCE

The District has applied for municipal bond insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurer and any fees charged by any rating company will be at the option and expense of the Initial Purchaser. The purchasers of the Bonds should be aware of the following.

Bond Insurance Risks

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. If an insurance policy is purchased, the following are risk factors pertaining to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bond shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the

Policy, however, such payments will be made by the insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys raised pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

In the event bond insurance is purchased, the long-term rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating and Bond Insurance."

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Municipal Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Municipal Advisor (defined herein) believe the source of such information to be reliable, but neither of the District nor the Municipal advisor take any responsibility for the accuracy or completeness thereof.

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual 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 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds, and accrued interest due to the Developer. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Municipal Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, subject to TCEQ approval.

CONSTRUCTION COSTS (Developer Contribution Items)	
1. Liberty Trails Phase 1A - Water, Wastewater, Drainage	$ 7,944,624
2. Liberty Trails Phase 1B - Water, Wastewater, Drainage	3,356,760
3. Engineering and Teaxs (Items Nos. 1 and 2)	1,497,068
TOTAL CONSTRUCTION COSTS (Developer Contribution Items)	**$ 12,798,452**
CONSTRUCTION COSTS (District Items)	
1. City of Fort Worth Wastewater Capacity Fees	$ 714,243
2. Water and Wastewater Impact Fees	2,652,928
TOTAL CONSTRUCTION COSTS (District Items)	**$ 3,367,171**
TOTAL CONSTRUCTION COSTS	$ 16,165,623
Less: Use of Surplus Funds	(3,611,145)
NET TOTAL CONSTRUCTION COSTS	**$ 12,554,478**
NON-CONSTRUCTION COSTS	
1. Legal Fees	$ 408,500
2. Fiscal Agent Fees	326,800
3. Capitalized Interest (12-months)	849,680
4. Developer Interest	1,663,148
5. Bond Discount	326,800
6. Bond Issuance Expenses	83,904
7. Bond Application Report Costs	76,340
8. Attorney General Review Fee	9,500
9. TCEQ Bond Issuance Fee	40,850
TOTAL NON-CONSTRUCTION COSTS	**$ 3,785,522**
TOTAL BOND ISSUE REQUIREMENT	**$ 16,340,000**

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

THE DISTRICT

General

In an order dated April 19, 2007, the Texas Commission on Environmental Quality (the "TCEQ"), pursuant to a Petition of Boa Sorte Limited Partnership, Rio Claro, Inc., JTLD Investments LLLP, and Mt. Baldy Limited Partnership, granted the creation of South Denton Water Control and Improvement District No. 1 ("WCID No. 1") pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code. WCID No. 1 was created by the TCEQ to provide water supply and distribution facilities, wastewater collection and treatment facilities, and drainage improvements within the district's area, which covered 231.59 acres. On October 2, 2015, WCID No. 1, after due notice and hearing, converted to a fresh water supply district operating under Chapter 53, Texas Water Code. At an election held on May 7, 2016, the qualified electors of WCID No. 1 granted to WCID No. 1 the rights, authority, privileges and functions or a road district under Article III, Section 52(b)(3) of the Texas Constitution; and the powers to purchase, construct, acquire, own and operate, repair, improve and extend sanitary sewer systems in accordance with the Texas Constitution and laws of the State of Texas, including particularly (but by no way of limitation) Section 53.121(b) of the Texas Water Code, as amended. In an order dated October 20, 2016, the TCEQ

approved WCID No. 1's request to change its name from South Denton Water Control and Improvement District No. 1 to Brookfield Fresh Water Supply District No. 1 ("FWSD No. 1"). On August 2, 2019, FWSD No. 1, after due notice and hearing, converted back to a water control and improvement district operating under Chapter 51, Texas Water Code, retaining its road powers. In an order dated August 4, 2020, the TCEQ approved FWSD No. 1's acquisition of drainage powers under Sections 51.331 through 51.332 of the Texas Water Code. In an order dated June 15, 2021, the TCEQ approved FWSD No. 1's request to change its name from Brookfield Fresh Water Supply District No. 1 to Brookfield Water Control and Improvement District of Denton County (the "District"). On November 3, 2022, the District received a petition from Double R DevCo, LLC requesting the addition of 453.818 acres of land into the District. On November 4, 2022, the board of directors of the District approved the addition of 230 of the 453.818 acres of land into the District, in accordance with Section 51.714, Texas Water Code, with the intention to add the remainder of the lands in the next calendar year. Thereafter, on February 6, 2023, the District approved the addition of the 223.818 acres from the 453.818 acres into the District. On May 5, 2023, Double R DevCo, LLC submitted a petition for the addition of 41.012 acres of land into the District, and DRH – HWY 114, LLC submitted a petition for the addition of 2.226 acres of land into the District. On May 5, 2023, the board of directors of the District approved the addition of the 41.012 and 2.226 acres of land into the District. Pursuant to such additions to the boundaries of the District, the District now contains 728.645 acres. The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is not empowered to fund parks and recreational facilities with taxes, independently or with one or more conservation and reclamation districts. The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Fort Worth, in whose extraterritorial jurisdiction the District is located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District's utility system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE WATER, WASTEWATER AND DRAINAGE SYSTEM—Regulation."

Location

The District encompasses approximately 728.645 acres and is located north of State Highway 114 in southwestern Denton County approximately 1 mile east of the Wise County line. The District is approximately 7 miles east of the City of Rhome and 27 miles of the central downtown business district of the City of Fort Worth, Texas. The District is located wholly within the extraterritorial jurisdiction of the City of Fort Worth. The District is located within the Northwest Independent School District. See "RISK FACTORS—Estimated Overlapping Debt and Taxes."

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Land Use

The following table as of September 24, 2026 has been provided by the Developers and Engineer and represents the current approved land use within the District.

Phase	Acreage	Planned Single Family Lots	Lots Under Construction	Finished Lots	Vacant Lots	Homes Under Construction	Completed Homes
Liberty Trails:							
Phase 1A	10.105	50	0	50	0	0	50
Phase 1B	31.895	163	0	163	0	0	163
Phase 2	23.144	137	0	137	0	0	137
Phase 3	27.239	155	0	155	0	0	155
Phase 4	25.339	135	0	135	0	0	135
Phase 5	25.425	144	0	144	0	0	144
Subtotal:	143.147	784	0	784	0	0	784
Lone Star:							
Phase 1A	105.730	323	0	323	17	0	306
Phase 1B	48.150	241	0	241	110	0	131
Phase 2A	68.950	209	209	0	0	0	0
Phase 2B	93.060	186	0	0	0	0	0
Phase 3	40.860	178	0	0	0	0	0
Phase 4	45.780	213	0	0	0	0	0
Phase 5	41.190	189	0	0	0	0	0
Phase 6	51.120	173	0	0	0	0	0
Subtotal:	494.840	1,712	209	564	127	0	437
Future Development:							
Commercial	7.349	n/a	n/a	n/a	n/a	n/a	n/a
Open Space, District Facilities, Amenity Center(s) and Other Undevelopable Acreage	83.309	n/a	n/a	n/a	n/a	n/a	n/a
TOTALS	728.645	2,496	209	1,348	127	0	1,221

Status of Development

Single-Family Residential: A portion of the District has been developed as Liberty Trails, a predominantly single-family residential development. Development currently consists of approximately 143.147 acres of Liberty Trails Phases 1A, 1B, 2, 3, 4 and 5 (784 single-family residential lots). As of September 1, 2026, there were 784 completed single-family homes.

A portion of the District is under development as Lone Star at Liberty Trails, a predominantly single-family residential development. Development currently consists of approximately 494.840 acres of Lone Star at Liberty Trails Phases 1A, 1B, 2A, 2B, 3, 4, 5 and 6 (1,712 planned single-family residential lots). As of September 24, 2026, there were 437 completed single-family homes, approximately 127 developed lots and 0 homes were under construction.

Phase 2 of Lone Star at Liberty Trails is being completed in two phases: Phase 2A and Phase 2B and consists of approximately 153.880 acres. Phase 2A includes 209 lots and is projected to be completed and accepted by the District in April 2027. Phase 2B encompasses 189 lots, with civil plans already approved and final contractor bids currently under review. Lot delivery for Phase 2B is expected in May 2028.

As of September 24, 2026 there were 1,221 completed homes within the District (including 2 model homes). New home floor plans range from 1,325 sq. ft. to 2,178 sq. ft., and new home prices range from $279,990 to $378,955, according to D.R. Horton Express Homes.

The Lone Star at Liberty Trails development is currently planned to be completed in eight phases consisting of 1,712 single-family lots.

Recreation: Amenities completed within the District include a club house, a swimming pool, paved sidewalks and a fishing pond.

Future Development

Approximately 340.960 developable acres of land currently within the District are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities and paving. Phase 2 of Lone Star at Liberty Trails is being completed in two phases: Phase 2A and Phase 2B and consists of approximately 153.880 acres. Phase 2A includes 209 lots and is projected to be completed and accepted by the District in April 2027. Phase 2B encompasses 189 lots, with civil plans already approved and final contractor bids currently under review. Lot delivery for Phase 2B is expected in May 2028. While the Developers and 15306 HWY 114 LLC anticipate future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fully reimburse the Developers for water, wastewater, storm drainage facilities and roads constructed to date, and to accomplish full development of the District. The District's consulting engineer ("the Engineer") has stated that under current development plans, the remaining authorized but unissued bonds should be sufficient to finance the construction of water, wastewater, storm drainage facilities, and roads to complete the District's water and wastewater and roads systems for full development of the District. See "THE ROAD SYSTEM," "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" and "RISK FACTORS—Future Debt."

(Continues on following page)

THE DEVELOPERS

Role of a Developer

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

Prospective purchasers of the Bonds should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, or that 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. Prospective purchasers are urged to inspect the District in order to acquaint themselves with the nature of the business activities of the Developers. See "RISK FACTORS—Landowners/Developer/Homebuilders Under No Obligation to the District."

The Developers

DRH – HWY 114, LLC ("DRH"), a Texas limited liability company, was the developer of land within the Liberty Trails section of the District. DRH is managed by D.R. Horton – Texas, Ltd. a Texas limited partnership. D.R. Horton – Texas, Ltd. is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for D.R. Horton, Inc. can be found online at https://investor.drhorton.com. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Forestar Group Inc. ("Forestar", and collectively with DRH, the "Developers"), a publicly traded corporation whose stock is listed on the New York Stock Exchange, and who is also a majority owned subsidiary of D.R. Horton, Inc., is currently a developer of land within the Lone Star section of the District and has begun development of Phases 1 and 2 of Lone Star at Liberty Trails.

Double R DevCo, LLC ("Double R"), Texas limited liability company, is currently a majority landowner of land within the District, but it is not developing land within the District. Double R currently owns raw land within the Lone Star section of the District on which future phases of Lone Star are planned for future development. Double R is managed by Douglas R. Horton and Donald R. Horton, as managers. DRH, Forestar and Double R are related entities.

Brookfield Acquisitions, L.P., the original developer of the District, conveyed an approximately 7.349 acre tract of land bordering Highway 114, which was intended for commercial use, to 15306 HWY 114 LLC in December 2020. No development has occurred on land intended for commercial use. Brookfield Acquisitions, L.P. no longer owns land within the District.

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District, description of their financing arrangements or financial condition described herein should not be construed as an implication to that effect. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time. Further, the Developers' financial condition is subject to change at any time.

Homebuilders

Homebuilding in the District is currently being conducted by D.R. Horton Express Homes, a homebuilder subsidiary of D.R. Horton, Inc. As of September 24, 2026, D.R. Horton Express Homes had completed 1,21 homes (including 2 model homes) and had 0 homes under construction in Lone Star at Liberty Trails Phases 1A and 1B.

As of the date of this Official Statement, there were no other homebuilders active within the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members own land within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Position	Term Expiration
Garrett O'Grady	President	May 2028
Rachel Knight	Vice President	May 2028
Stacy Lynch	Secretary	May 2028
Stephanie Louise Rich	Assistant Secretary	May 2030
Waymon D. 'Wade' Hyde	Assistant Secretary	May 2030

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond & General Counsel: Winstead PC, Dallas, Texas serves as Bond Counsel and General Counsel to the District. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: McCall Parkhurst & Horton L.L.P., Dallas, Texas, has been engaged by the District to serve as "Disclosure Counsel" for the District. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Municipal Advisor: Hilltop Securities Inc., Dallas, Texas, serves as the District's Municipal Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Tax Assessor/Collector: The Denton Central Appraisal District (the "Appraisal District") has the responsibility of appraising all property within the District. See "TAXING PROCEDURES." The District has contracted with Denton County Tax-Assessor-Collector, to perform the tax collection function.

Engineer: The District's consulting engineer is Pape-Dawson Engineers, Inc., Fort Worth, Texas.

Bookkeeper: The District has contracted with Tovery Accounting Consultants, LLC, Plano, Texas, for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is the City of Fort Worth.

THE WATER, WASTEWATER AND DRAINAGE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "Utility System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency.

Water Services

Pursuant to a Water and Wastewater Utility Services Transfer Agreement dated March 1, 2017 (the "Transfer Agreement"), by and between the District and the City of Fort Worth, Texas, a political subdivision and municipal corporation of the State of Texas (the "City"), among other parties, the City holds the water certificate of convenience and necessity over the District and is the retail provider of water services to the District. As the holder of the water certificate of convenience and necessity and pursuant to the Transfer Agreement, the City pledges to provide adequate and continuous retail water service as required to serve the needs of the property owners within the District at the City's generally applicable rates charged to comparable classes of customers outside the City's corporate limits.

Water Supply

All water is provided by an extension of the City of Fort Worth water infrastructure. No major water supply infrastructure or additional capacity is required for the development of the District.

Water Distribution Facilities

The City provides water service to the District via the Transfer Agreement. Pursuant to a Water Infrastructure Agreement among the City, the District, and other parties dated March 1, 2017, an off-site water main has been constructed to serve the initial property within the District. Such water main has been constructed and dedicated to the City and provides service to the initial 231.579 acres included in the District at the time of District creation.

On October 28, 2022, in preparation for the inclusion of additional acreage into the District in 2022 and 2023 (the "Additional Acreage"), the City, District, and Double R entered into a Utility and Infrastructure Agreement (the "Infrastructure Agreement"). Pursuant to the Infrastructure Agreement, both an elevated storage tank ("EST") must be constructed to provide service to the Additional Acreage. The City is to construct the EST on lands dedicated by Double R. The EST is not required to serve the initial 1,703 residences in the Additional Acreage. No residences are yet in existence in the Additional Acreage, and the security for the Bonds is based on existing values in the District, not the future construction in the Additional Acreage.

Wastewater Services

The City is also the retail provider of sanitary sewer services to the District pursuant to an Agreement Concerning Sewer Service to Alpha Ranch and Brookfield Developments dated March 7, 2017 (the "Sewer Contract"). Pursuant to the Sewer Contract, the City pledges to deliver certain wastewater treatment services as required to serve the needs of the property owners within the District.

Wastewater Treatment Capacity

All wastewater treatment is provided by the City of Fort Worth. No major wastewater treatment infrastructure is required for the development of the District.

Wastewater Transportation Facilities

The City provides wastewater treatment service to the District via the Sewer Contract. Pursuant to a Sewer Infrastructure Agreement among the City, the District, and other parties dated March 1, 2017, an off-site sewer main was required to be constructed prior to the final platting of 2,250 lots within the District and the other service areas covered by such agreement. Such sewer main has been constructed and dedicated to the City and serves the initial property within the District.

Pursuant to the Infrastructure Agreement, the Additional Acreage may be served by a proposed 15" City sewer main to be constructed within the Additional Acreage, save 284 residential lots. The District must divert flows from such 284 lots through an existing sewer main that was constructed with the original District improvements. No residences are yet in existence

in the Additional Acreage, and the security for the Bonds is based on existing values in the District, not the future construction in the Additional Acreage.

Flood Protection

According to the District's engineer, none of the developable land is within the 100-year floodplain. The District contains certain areas within the 100-year floodplain and those areas are designated as drainage ways and easements. No lots are proposed within the 100-year floodplain.

THE ROAD SYSTEM

Construction of the District's roads is subject to certain regulation by the City, pursuant to the Development Agreement between the City and Brookfield Acquisitions, L.P. dated February 15, 2017, and joined by the District on February 16, 2017. See "THE BONDS – Annexation." Pursuant to that agreement, all roads within the District are to be operated and maintained by the District, unless Denton County agrees to maintain such roads by formal action of the Denton County Commissioners Court. To date, no such action has occurred, and the Road System is currently operated and maintained by the District.

Roads within the District are constructed with reinforced concrete pavement with curbs on moisture conditioned and lime stabilized subgrade. Pembine Lane is currently the principal collector entering Liberty Trails off of TX Highway 114. Once the Phase 1 of Lone Star at Liberty Trails is constructed, Dalrymple Lane will become the new principal collector to serve the overall development. The local interior streets within the project and are typically 50 feet right-of-way with feet wide (between curbs). The Road System also includes streetlights, landscape and hardscape. Franchise utilities (power, phone, gas and cable) are typically located adjacent to the roadway. Public utilities such as water, wastewater and storm drainage are typically located within street rights of way.

DISTRICT OPERATING STATEMENT

Principal of and interest on the Bonds are payable solely from the proceeds of an unlimited tax levied against all taxable property within the District's boundaries.

The District intends to convey all of its right, title and interest to and maintenance, operation and repair obligations for the water and sewer systems to the City of Fort Worth pursuant to the Transfer Agreement and the Sewer Contract. The District therefore will not receive revenue from providing water and wastewater service. Although the District is no longer dependent on the Developer's advances for operating funds, the District estimates that it will in future years operate on a positive cash flow basis without water and sewer revenues from customers, even though the amount of its net revenues may be less without net utility system revenues. However, the District cannot predict that the District's net revenues subsequent to such conveyance will be sufficient to fund its future obligations and expenses or that an increase in its maintenance tax may not be required in the future. See APPENDIX A and APPENDIX B.

The District is required to obtain an annual audit. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, to prepare the audited annual financial report for the year ended July 31, 2025 and also to perform certain agreed-upon procedures related to the use of proceeds from the Bonds to reimburse the Developer. See APPENDIX A.

(Continues on following page)

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

Assessed Value, Debt Ratios and Fund Balances

2026 Certified Net Taxable Assessed Valuation	$ 310,204,388 (1)
Gross Direct Debt Outstanding upon Issuance of the Bonds	$ 47,180,000
Ratio of Gross Direct Debt to 2026 Certified Taxable Assessed Valuation	15.21%
Utility Bond Debt Service Fund Balance (at Delivery Date of the Bonds)	$ 1,310,755 (2)
Road Debt Service Fund Balance as of September 4, 2026	$ 774,042 (3)
General Fund Balance as of September 4, 2026	$ 392,357 (4)

(1) As certified by the Denton Central Appraisal District as of January 1, 2026. Includes $3,052,329 under protest. See "TAXING PROCEDURES."
(2) Any funds in the Utility Bond Debt Service fund are pledged only to pay the debt service on the Outstanding Utility Bonds, the Bonds and any additional utility bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Utility Bond Debt Service Fund. Upon delivery of the Bonds, the District will deposit the accrued interest from the Dated Date to the Delivery Date in the Utility Bond Debt Service Fund. 12-months of capitalized interest at the Bonds net effective interest rate will also be deposited in the Utility Bond Debt Service Fund.
(3) Any funds in the Road Bond Debt Service fund are pledged only to pay the debt service on the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Road Bond Debt Service Fund.
(4) See "RISK FACTORS - Operating Funds."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and 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 District portfolio.

Anticipated Issuance of Additional Debt

The District may issue any additional unlimited tax debt within the next 12 months if the taxable assessed valuation increases to allow for the issuance of additional unlimited tax debt.

On May 1, 2021, the District's voters authorized the issuance of a total of $80,955,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities, and $91,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to $101,193,750 for the purpose of refunding Utility Bonds and $113,812,500 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have $75,500,000 unlimited tax bonds authorized but unissued for road facilities and $48,115,000 of unlimited tax bonds authorized but unissued for water, wastewater and storm drainage purposes. See "RISK FACTORS—Future Debt."

The Bond Order will impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality ("TCEQ"), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

Outstanding Unlimited Tax Road Bonds

The District issued $6,350,000 Unlimited Tax Road Bonds, Series 2022 in August 2022 and $9,200,000 Unlimited Tax Road Bonds, Series 2023 in October 2023, of which $14,695,000 remains currently outstanding.

Outstanding Unlimited Tax Utility Bonds

The District issued $16,500,000 Unlimited Tax Utility Bonds, Series 2024 in April 2024, of which $16,395,000 remains currently outstanding.

Unlimited Tax Bonds Voted Authorization

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Utility Bonds	5/1/2021	$ 80,955,000	$ 16,500,000	$ 16,340,000	$ 48,115,000
Refunding Utility Bonds	5/1/2021	101,193,750	-	-	101,193,750
Road Bonds	5/1/2021	91,050,000	15,550,000	-	75,500,000
Refunding Road Bonds	5/1/2021	113,812,500	-	-	113,812,500
Total		$ 387,011,250	$ 32,050,000	$ 16,340,000	$ 338,621,250

(Continues on following page)

Pro Forma Debt Service Requirements

The following sets forth the outstanding unlimited tax debt service requirements and the estimated debt service requirements on the Bonds.

Calendar Year Ending 31-Dec	Outstanding Debt Service			The Bonds[1]			Total Unlimited Tax Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S		
2026	$ 615,000	$ 1,514,544	$ 2,129,544	$ -	$ -	$ -	$ 2,129,544	
2027	740,000	1,384,144	2,124,144	-	781,234	781,234	2,905,377	
2028	825,000	1,293,569	2,118,569	325,000	849,680	1,174,680	3,293,249	
2029	890,000	1,217,894	2,107,894	355,000	832,780	1,187,780	3,295,674	
2030	930,000	1,172,056	2,102,056	380,000	814,320	1,194,320	3,296,376	10.59%
2031	970,000	1,124,169	2,094,169	405,000	794,560	1,199,560	3,293,729	
2032	1,015,000	1,085,025	2,100,025	420,000	773,500	1,193,500	3,293,525	
2033	1,060,000	1,044,069	2,104,069	440,000	751,660	1,191,660	3,295,729	
2034	1,110,000	1,000,919	2,110,919	455,000	728,780	1,183,780	3,294,699	
2035	1,160,000	955,731	2,115,731	475,000	705,120	1,180,120	3,295,851	26.30%
2036	1,215,000	908,113	2,123,113	490,000	680,420	1,170,420	3,293,533	
2037	1,270,000	858,219	2,128,219	510,000	654,940	1,164,940	3,293,159	
2038	1,330,000	805,644	2,135,644	530,000	628,420	1,158,420	3,294,064	
2039	1,390,000	750,594	2,140,594	550,000	600,860	1,150,860	3,291,454	
2040	1,455,000	692,556	2,147,556	575,000	572,260	1,147,260	3,294,816	45.79%
2041	1,525,000	631,794	2,156,794	590,000	542,360	1,132,360	3,289,154	
2042	1,595,000	568,106	2,163,106	620,000	511,680	1,131,680	3,294,786	
2043	1,670,000	501,525	2,171,525	640,000	479,440	1,119,440	3,290,965	
2044	1,750,000	431,238	2,181,238	665,000	446,160	1,111,160	3,292,398	
2045	1,830,000	357,600	2,187,600	690,000	411,580	1,101,580	3,289,180	70.01%
2046	1,915,000	284,400	2,199,400	715,000	375,700	1,090,700	3,290,100	
2047	2,000,000	207,800	2,207,800	745,000	338,520	1,083,520	3,291,320	
2048	2,090,000	127,800	2,217,800	775,000	299,780	1,074,780	3,292,580	
2049	1,105,000	44,200	1,149,200	835,000	259,480	1,094,480	2,243,680	
2050	-	-	-	2,025,000	216,060	2,241,060	2,241,060	95.54%
2051	-	-	-	2,130,000	110,760	2,240,760	2,240,760	100.00%
	$ 31,455,000	$ 18,961,706	$ 50,416,706	$ 16,340,000	$ 14,160,054	$ 30,500,054	$ 80,916,760	

(1) Interest Rate calculated at market interest rate for illustration purposes only. Preliminary; subject to change.

Estimated Maximum Annual Debt Service Requirement (2030) $3,296,376
Estimated Average Annual Debt Service Requirements (2027-2051) $3,151,489

(Continues on following page)

Estimated Overlapping Debt and Taxes

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an approximate calculation of overlapping debt for the 2026 tax year and the tax rates imposed for the 2026 tax year by all taxing jurisdictions overlapping the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdiction	2026 Certified Taxable Assessed Value[1]	2026 Total Tax Rate[1]	Total GO Debt as of 9/15/2026	Estimated % Applicable	District's Overlapping Debt as of 9/15/2026
The District	$ 310,204,388	$ 0.8775	$ 47,180,000 [2]	100.00%	$ 47,180,000
Denton County	191,708,656,628	0.1834	700,610,000	0.16%	1,133,659
Northwest Independent School District	41,966,057,360	1.0638	2,937,845,000	0.74%	21,715,941
		$ 2.1247			$ 70,029,600

Ratio of Direct and Overlapping Debt to the District's 2026 Certified Net Taxable Assessed Valuation …… 22.58%

(1) Taxable Assessed Values and Tax Rates as reported by Denton Central Appraisal District; as well as the Tarrant Appraisal District and the Wise County Appraisal District for purposes of Northwest Independent School District.

(2) Includes the Bonds.

(Continues on following page)

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and any future utility bonds. The District may also levy a tax to provide funds to pay the principal and interest on any future road bonds. In 2026, the District adopted a tax rate equal to $0.4531 to pay debt service on bonds issued for utility purposes and a tax equivalent to $0.3535 to pay debt service on bonds issued for road purposes. See "TAX DATA—Tax Rate Distribution," and "Tax Roll Information," below and "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters.

A maintenance tax election was conducted on November 6, 2007. The voters of the District authorized, among other things, the Board to levy a maintenance tax unlimited as to rate or amount per $100 of taxable assessed valuation for operation and maintenance purposes, including but not limited to planning, constructing, acquiring, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment of water, sewer and drainage of the District and for paying costs of proper services, engineering and legal fees and organization and administrative expenses, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Section 49.107 of the Texas Water Code.

A maintenance tax is in addition to unlimited debt service taxes which the District is authorized to levy for paying principal of and interest on the Bonds. In 2026 the District adopted a tax equivalent to $0.0709 per $100 of taxable assessed valuation for maintenance and operation purposes.

Contract Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax to make payments under a contract, if the provisions of the contract have been approved by a majority of the qualified voters of the District, and such tax is approved by the TCEQ. To date, the voters in the District have not approved contracts between the District and other parties and the levy of a tax without legal limitation as to rate or amount in support thereof. Such tax would be in addition to taxes which the District is authorized to levy for paying principal of and interest on its road bonds and water and sewer bonds, and taxes for the maintenance and operations of the District.

Tax Exemptions

The District has not adopted any optional exemptions for property located within the District. See "TAXING PROCEDURES".

Tax Rate Distribution

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Distribution: Maintenance Tax Rate	Distribution: Debt Service Tax Rate	Total Tax Levy	Maintenance & Operations Tax Levy	Total Debt Service Tax Levy
2022	2023	$ 72,398,449	$ 0.8775	$ 0.2605	$ 0.6170	$ 635,296	$ 188,598	$ 446,698
2023	2024	170,921,605	0.8775	0.2155	0.6620	1,499,837	368,336	1,131,501
2024	2025	243,836,010	0.8775	0.0600	0.8175	2,139,661	146,302	1,993,359
2025	2026	268,149,834	0.8775	0.0649	0.8126	2,353,015	174,029	2,178,986
2026	2027	310,204,388	0.8775	0.0709	0.8066	2,722,044	219,935	2,502,109

Historical Tax Collections

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Total Tax Levy	% Current Collections	% Total Collections
2022	2023	$ 72,398,449	$ 0.8775	$ 635,296	99.79%	99.79%
2023	2024	170,921,605	0.8775	1,499,837	99.91%	99.91%
2024	2025	243,836,010	0.8775	2,139,661	99.73%	99.73%
2025	2026	268,149,834	0.8775	2,353,015	99.82% (1)	99.82% (1)
2026	2027	310,204,388	0.8775	2,722,044	In Process of Collections	

(1) Collections as of September 2026.

Tax Roll Information

The District's appraised value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation."

	2026 (1)	2025	2024	2023	2022
Land	$ 99,162,921	$ 77,975,257	$ 74,140,701	$ 46,962,308	$ 33,492,558
Improvements	226,971,651	202,674,399	196,346,536	130,892,122	39,405,403
Personal Property	32,779,316	273,808	218,958	-	14,970
Minerals	991,625	2,758,410	-	-	-
Exemptions	(49,701,125)	(15,532,040)	(27,163,005)	(6,932,825)	(514,482)
Net Taxable Assessed Valuation	$ 310,204,388	$ 268,149,834	$ 243,543,190	$ 170,921,605	$ 72,398,449

(1) Includes $3,052,329 under protest. See "TAXING PROCEDURES."

Principal Taxpayers

Principal taxpayers information for Tax Year 2026 is as per the Denton Central Appraisal District.

Name of Taxpayer	Nature of Property	2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
DOUBLE R DEVCO LLC(1)	Real Estate/Development	$ 7,616,644	2.46%
D R HORTON - TEXAS LTD(1)	Real Estate/Development	9,396,649	3.03%
FORESTAR (USA) REAL ESTATE GROUP(1)	Real Estate/Development	5,207,875	1.68%
HUDSON SFR PROPERTY HOLDINGS III	Real Estate/Development	631,000	0.20%
HUDSON SFR PROPERTY HOLDINGS II	Real Estate/Development	596,000	0.19%
INDIVIDUAL	Single-Family Residence	426,867	0.14%
INDIVIDUAL	Single-Family Residence	416,151	0.13%
INDIVIDUAL	Single-Family Residence	414,335	0.13%
INDIVIDUAL	Single-Family Residence	414,186	0.13%
INDIVIDUAL	Single-Family Residence	414,020	0.13%
		$ 25,533,727	8.23%

(1) Based on the 2026 certified tax rolls, the Developers and their affiliates are responsible for approximately 7.16% of the District's 2026 taxes. See "THE DEVELOPERS"

(Continues on following page)

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 appraised valuation which would be required to meet estimated average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2026 Certified Net Taxable Assessed Valuation of $310,204,388. The calculations contained in the following table merely represent the tax rates required to pay debt service on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-eight percent (98%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Pro Forma Debt Service Requirements."

Annual Debt Service Requirement (2027)	$ 2,905,377
Average Annual Debt Service Requirement (2027-2051)	$ 3,151,489
Maximum Annual Debt Service Requirement (2030)	$ 3,296,376
Based upon the 2026 Certified Net Taxable Assessed Valuation	
Tax Rate Required to Pay Annual Debt Service Requirement (2027)	$ 0.9557
Tax Rate Required to Pay Average Annual Debt Service Requirement (2027-2051)	$ 1.0367
Tax Rate Required to Pay Maximum Annual Debt Service Requirement (2030)	$ 1.0843

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 an amount sufficient to pay the principal of and interest on the Bonds and any additional utility bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully herein under "THE BONDS — Source and Security for Payment." The Board is also authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds and any future bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS—Future Debt." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Denton Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Denton County, including the District. Such appraisal values are subject to review and change by the Denton County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board 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 tax rate. The District is eligible, along with all other conservation and reclamation districts within Denton County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually

owned automobiles. In addition, the District may by its own action exempt certain property owned by qualified organizations engaged primarily in charitable purposes, residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District has not adopted 65 and older or disabled exemptions. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% and, subject to certain conditions, the surviving spouse of such a veteran, is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. 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. In addition, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption is limited 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 personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken no official action to allow taxation of all such goods-in-transit personal property.

General Residential Homestead Exemption

The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that 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 District has never granted a general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements on the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code 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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, 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 1.08 times the previous year's maintenance and operations tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, 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 1.035 times the previous year's maintenance and operations tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President (herein defined), 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 maintenance and operations tax threshold applicable to Special Taxing Units.

Developing Districts

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

For the 2026 tax year, the District is designated as a Developing District. For future years, a determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made 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.

Agricultural, Open Space, or Timberland Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who could continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal Districts is required by the Property Tax Code to act on each claimant's right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years for agricultural use and five (5) years for timberland or open space land prior to the loss of the designation. As of Tax Year 2026, approximately 166.22 acres within the District qualified for the agricultural exemption under the Property Tax Code.

Tax Abatement

Denton County may designate all or part of the District as a reinvestment zone, and the District, and Denton County, as applicable, may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten 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 a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone.

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. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, 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 power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax

lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, 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 except as described above under "Levy and Collection of Taxes." 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collections Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Opinions

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

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

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

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

Legal Review

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel," "TAXING PROCEDURES," "LEGAL MATTERS (insofar as it relates to the opinion of Bond Counsel)," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION (except for the subheading "Compliance with Prior Undertakings")" solely to determine whether such information fairly summarizes the law referred to therein. In its capacity as General Counsel to the District, Winstead PC has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS—Annexation," "—Consolidation," "THE DISTRICT—General," "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" and "THE ROAD SYSTEM" solely to determine whether such sections fairly summarize the matters contained therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firms' limited participation as an assumption of responsibility

for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Opinion

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

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

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

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

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

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

Under section 6012 of the Code, owners 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 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 owner 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 of the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

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

NO-LITIGATION CERTIFICATE

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

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of the sale.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein 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.

Municipal Advisor

Hilltop Securities Inc., is employed as the Municipal Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Municipal Advisor, Hilltop Securities Inc., has compiled and edited this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Consultants

Appraisal District: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Denton Central Appraisal District and is included herein in reliance upon the authority of such acting as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the District's road system and water and wastewater system and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM," and "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" has been provided by Pape-Dawson Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund, Capital Projects Fund and Road Debt Service Fund as it appears in this Official Statement and the General Fund and Operating Budget of the District for the year ending July 31, 2027 in "APPENDIX B" has been provided by Dye and Tovery, LLC and is included herein in reliance upon the authority of such company as experts in the tracking and managing the various funds of municipal utility districts.

Auditor: The District's financial statements for the fiscal year ended July 31, 2025 were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See Appendix "A" for a copy of said financial statements.

Updating the 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 the Initial Purchaser 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 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 customer.

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing such certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") pursuant to its Electronic Municipal Market Access System ("EMMA"). This information will be available to securities brokers and others through the MSRB at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the sections titled "FINANCIAL INFORMATION CONCERNING THE

DISTRICT (UNAUDITED)" (except the information under the heading "– Estimated Overlapping Debt and Taxes"), "TAX DATA" and "APPENDIX A – Annual Financial Report of the District." The District will update and provide this information within six (6) months after the end of each fiscal year ending in and after 2026. The District will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the SEC, as permitted by the Rule. The updated information will include audited financial statements. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles the District may be required to employ from time to time pursuant to State law or regulation.

The District's fiscal year end is July 31. Accordingly, audited financial statements must be provided by January 31 of each year (or unaudited financial statements if audited financial statements are not available), unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, and (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the 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 a 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. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. 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 the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal 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 the 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 Initial Purchaser 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 a 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 United States Securities and Exchange Commission 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 reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements in accordance with SEC Rule 15c2-12, except as follows: in connection with the agreement for the Series 2023 Bonds, the District filed its annual financial information for the fiscal year ending in 2023 after the filing deadline on February 29, 2024.

(Continues on following page)

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendices hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

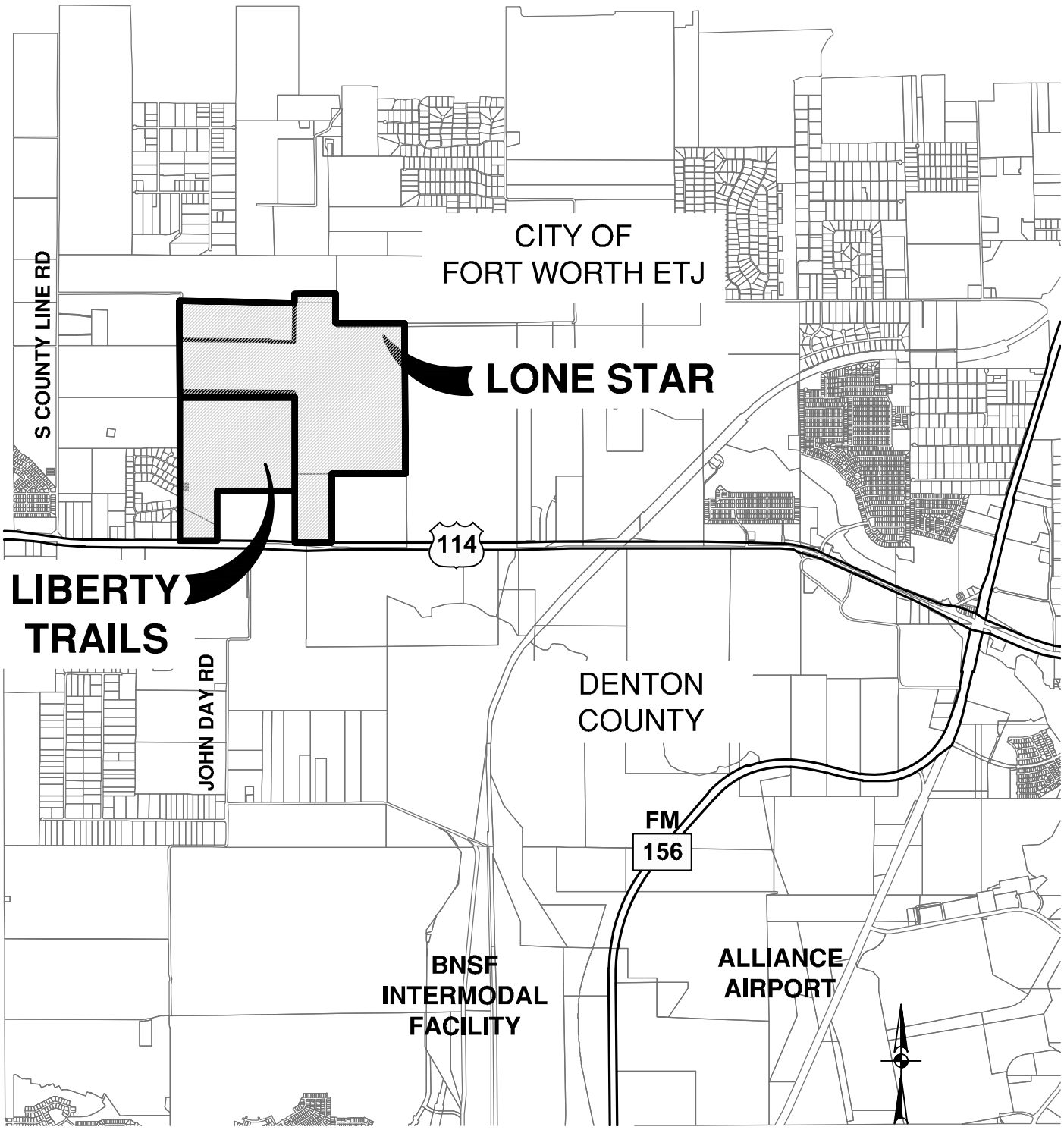
This Official Statement was approved by the Board of Directors of Brookfield Water Control and Improvement District of Denton County, as of the date shown on the first page hereof.

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

DISTRICT LOCATION MAP



SCALE: 1"= 4,000'

4,000' 0' 2,000' 4,000'

JOB NO. _____

DATE SEPTEMBER 2023

DESIGNER _____

CHECKED ____ DRAWN ____

SHEET _____

LIBERTY TRAILS

FORT WORTH, TX (ETJ)

VICINITY MAP

PAPE-DAWSON ENGINEERS

201 MAIN ST, STE 901 I FT. WORTH, TX 76102 I 817.870.3668

TEXAS ENGINEERING FIRM REGISTRATION #470

Date: September 7, 2023, 12:07 AM – User ID: kmurphy
File: S:\projects\612\90\01\2.0 Design\2.4 Civil\2-4.4 Exhibits\Misc\Vicinity

THIS DOCUMENT HAS BEEN PRODUCED FROM MATERIAL THAT WAS STORED AND/OR TRANSMITTED ELECTRONICALLY AND MAY HAVE BEEN INADVERTENTLY ALTERED. RELY ONLY ON FINAL HARDCOPY MATERIALS BEARING THE CONSULTANT'S ORIGINAL SIGNATURE AND SEAL.

APPENDIX A

Annual Financial Report of the District for the year ended July 31, 2025

The information contained in this appendix includes the audited Annual Financial Report of Brookfield Water Control and Improvement District of Denton County for the fiscal year ended July 31, 2025.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brookfield Water Control
and Improvement District of Denton County
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brookfield Water Control and Improvement District of Denton County (the "District"), as of and for the year ended July 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 the District as of July 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Brookfield Water Control and
Improvement District of Denton County

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

November 7, 2025

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025

Management's discussion and analysis of Brookfield Water Control and Improvement District of Denton County (the "District") financial performance provides an overview of the District's financial activities for the year ended July 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for property tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $6,868,831 as of July 31, 2025. The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 6,512,999	$ 6,198,653	$ 314,346
Capital Assets (Net of Accumulated Depreciation)	32,422,239	33,264,408	(842,169)
Total Assets	$ 38,935,238	$ 39,463,061	$ (527,823)
Due to Developer	$ 13,125,396	$ 13,125,396	$
Bonds Payable	32,093,737	32,247,362	153,625
Other Liabilities	584,936	782,463	197,527
Total Liabilities	$ 45,804,069	$ 46,155,221	$ 351,152
Net Position:			
Net Investment in Capital Assets	$ (8,946,636)	$ (8,424,889)	$ (521,747)
Restricted	1,865,009	1,548,171	316,838
Unrestricted	212,796	184,558	28,238
Total Net Position	$ (6,868,831)	$ (6,692,160)	$ (176,671)

The following table provides a summary of the District's operations for the years ended July 31, 2025, and July 31, 2024:

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 2,194,079	$ 1,492,030	$ 702,049
Other Revenues	271,649	143,073	128,576
Total Revenues	$ 2,465,728	$ 1,635,103	$ 830,625
Expenses for Services	2,642,399	5,930,979	3,288,580
Change in Net Position	$ (176,671)	$ (4,295,876)	$ 4,119,205
Net Position, Beginning	(6,692,160)	(2,396,284)	(4,295,876)
Net Position, Ending	$ (6,868,831)	$ (6,692,160)	$ (176,671)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances are as of July 31, 2025 were $6,481,314, an increase of $398,632 from the prior year.

The District's General Fund fund balance increased by $28,143, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $203,692, primarily due to the structure of the District's long term debt.

The Capital Projects Fund fund balance increased by $166,797.

CAPITAL ASSETS

Capital assets as of July 31, 2025, total $32,422,239 and include paving and drainage/detention infrastructure which the District will be responsible for maintaining. Additionally, the District entered into an agreement (see Note 10) with the City of Fort Worth (the "City") whereby water facilities and wastewater facilities constructed within the District have been conveyed to the City for operation and maintenance for the benefit of District residents. In accordance with Governmental Accounting Standards Board Statement No. 94, the District is entitled to significant residual interest in the facilities conveyed and, therefore, records these facilities as capital assets on the books of the District. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 206,675	$ 206,675	$
Capital Assets, Net of Accumulated Depreciation:			
Water System	11,529,188	11,813,653	(284,465)
Wastewater System	9,547,296	9,782,351	(235,055)
Paving	7,043,526	7,267,791	(224,265)
Drainage/Detention Facilities	4,095,554	4,193,938	(98,384)
Total Net Capital Assets	$ 32,422,239	$ 33,264,408	$ (842,169)

LONG-TERM DEBT

As of July 31, 2025, the District had total bond debt of $31,905,000. The changes in the bond debt position of the District during the current fiscal year is summarized as follows:

Bond Debt Payable, August 1, 2024	$ 32,050,000
Less: Bond Principal Paid	145,000
Bond Debt Payable, July 31, 2025	$ 31,905,000

The Series 2022 Road and Series 2023 Road Bonds do not carry an underlying rating, but carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Build America Mutual. The Series 2024 Bonds carry an underlying rating of "Baa3" from Moody's and an insured rating of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty.

As of July 31, 2025, the District recorded an amount due to Developer of $13,125,396 which consists of costs associated with water, wastewater, drainage and road facilities and operating advances.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $20,372 more than budgeted revenues and actual expenditures were $3,996 less than budgeted expenditures. This resulted in a positive budget variance of $24,368. See the budget to actual comparison for more information.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brookfield Water Control and Improvement District of Denton County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JULY 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 3,383	$ 900
Investments	442,279	2,416,081
Receivables:		
Property Taxes	414	5,633
Due from Other Funds		1,693
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 446,076	$ 2,424,307
LIABILITIES		
Accounts Payable	$ 25,638	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	1,693	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 27,331	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 414	$ 5,633
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		2,418,674
Assigned for 2026 Budget Deficit	6,326	
Unassigned	412,005	
TOTAL FUND BALANCES	$ 418,331	$ 2,418,674
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 446,076	$ 2,424,307
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 45	$ 4,328	$	$ 4,328
3,644,264	6,502,624		6,502,624
	6,047		6,047
	1,693	(1,693)	
		32,422,239	32,422,239
$ 3,644,309	$ 6,514,692	$ 32,420,546	$ 38,935,238
$	$ 25,638	$	$ 25,638
		559,298	559,298
		13,125,396	13,125,396
	1,693	(1,693)	
		450,000	450,000
		31,643,737	31,643,737
$ -0-	$ 27,331	$ 45,776,738	$ 45,804,069
$ -0-	$ 6,047	$ (6,047)	$ -0-
$ 3,644,309	$ 3,644,309	$ (3,644,309)	$
	2,418,674	(2,418,674)	
	6,326	(6,326)	
	412,005	(412,005)	
$ 3,644,309	$ 6,481,314	$ (6,481,314)	$ -0-
$ 3,644,309	$ 6,514,692		
		$ (8,946,636)	$ (8,946,636)
		1,865,009	1,865,009
		212,796	212,796
		$ (6,868,831)	$ (6,868,831)

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

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JULY 31, 2025

Total Fund Balances - Governmental Funds		$ 6,481,314
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		32,422,239
Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		6,047
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developer	(13,125,396)	
Accrued Interest Payable	(559,298)	
Bonds Payable	(32,093,737)	(45,778,431)
Total Net Position - Governmental Activities		$ (6,868,831)

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

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JULY 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 147,345	$ 2,041,986
Investment and Miscellaneous Revenues	20,506	84,346
TOTAL REVENUES	$ 167,851	$ 2,126,332
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 89,240	$
Contracted Services	21,187	16,177
Utilities	5,307	
Repairs and Maintenance	5,549	
Depreciation		
Other	18,425	24
Debt Service:		
Bond Principal		145,000
Bond Interest		1,761,439
TOTAL EXPENDITURES/EXPENSES	$ 139,708	$ 1,922,640
NET CHANGE IN FUND BALANCES	$ 28,143	$ 203,692
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2024	390,188	2,214,982
FUND BALANCES/NET POSITION - JULY 31, 2025	$ 418,331	$ 2,418,674

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 2,189,331	$ 4,748	$ 2,194,079
166,797	271,649		271,649
$ 166,797	$ 2,460,980	$ 4,748	$ 2,465,728
$	$ 89,240	$	$ 89,240
	37,364		37,364
	5,307		5,307
	5,549		5,549
		842,169	842,169
	18,449		18,449
	145,000	(145,000)	
	1,761,439	(117,118)	1,644,321
$ -0-	$ 2,062,348	$ 580,051	$ 2,642,399
$ 166,797	$ 398,632	$ (398,632)	$
		(176,671)	(176,671)
3,477,512	6,082,682	(12,774,842)	(6,692,160)
$ 3,644,309	$ 6,481,314	$ (13,350,145)	$ (6,868,831)

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

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JULY 31, 2025

Net Change in Fund Balances - Governmental Funds	$	398,632
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		4,748
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities.		(842,169)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		145,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		117,118
Change in Net Position - Governmental Activities	$	(176,671)

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

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025

NOTE 1. CREATION OF DISTRICT

In an order dated April 19, 2007, the Texas Commission on Environmental Quality (the "Commission"), pursuant to a Petition of Boa Sorte Limited Partnership, Rio Claro, Inc., JTLD Investments LLLP, and Mt. Baldy Limited Partnership, granted the creation of South Denton Water Control and Improvement District No. 1 ("WCID No. 1") pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code. The WCID No. 1 was created by the Commission to provide water supply and distribution facilities, wastewater collection and treatment facilities, and drainage improvements within the district's area which covers 231.59 acres. On October 2, 2015, WCID No. 1, after due notice and hearing, converted to a fresh water supply district operating under Chapter 53, Texas Water Code. At an election held on May 7, 2016, the qualitied electors of the WCID No. 1 granted to WCID No. 1 the rights, authority, privileges and functions of a road district under Article III, Section 52(b)(3) of the Texas Constitution; and the powers to purchase, construct, acquire, own and operate, repair, improve and extend sanitary sewer systems in accordance with the Texas Constitution and laws of the State of Texas, including particularly (but by no way of limitation) Section 53.121(b) of the Texas Water Code, as amended. In an order dated October 20, 2016, the Commission approved WCID's No. 1 request to change its name from South Denton Water Control and Improvement District No. 1 to Brookfield Fresh Water Supply District No. 1 ("FWSD No. 1"). On August 2, 2019, FWSD No. 1, after due notice and hearing, converted back to a water control and improvement district operating under Chapter 51, Texas Water Code, retaining its road powers. In an order dated August 4, 2020, the Commission approved the addition of drainage powers under Sections 51.331 through 51.332 of the Texas Water Code to the FWSD No. 1. In an order dated June 15, 2021, the Commission approved FWSD No.1's request to change its name from Brookfield Fresh Water Supply District No. 1 to Brookfield Water Control and Improvement District of Denton County (the "District"). The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, and intangible assets net of accumulated depreciation and amortization reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for property tax revenues, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of July 31, 2025, the General Fund owes the Debt Service Fund $1,693 for the over-transfer of maintenance tax collections.

Capital Assets

Capital assets include roads and drainage/detention infrastructure which are reported in the government-wide Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. Additionally, the District entered into an agreement (see Note 10) with the City of Fort Worth (the "City") whereby water facilities and wastewater facilities constructed within the District have been conveyed to the City for operation and maintenance for the benefit of District residents. In accordance with Governmental Accounting Standards Board Statement No. 94, the District is entitled to significant residual interest in the facilities conveyed and, therefore, records these facilities as capital assets on the books of the District. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 45 years.

Budgeting

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. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts, if amended, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered "employees" for federal payroll tax purposes only.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and has assigned $6,326 of its General Fund fund balance for a budgeted deficit for the fiscal year ending July 31, 2026.

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2025:

	August 1, 2024	Additions	Retirements	July 31, 2025
Bonds Payable	$ 32,050,000	$	$ 145,000	$ 31,905,000
Unamortized Discounts	(825,974)		(33,690)	(792,284)
Unamortized Premiums	1,023,336		42,315	981,021
Bonds Payable, Net	$ 32,247,362	$ -0-	$ 153,625	$ 32,093,737

Amount Due Within One Year	$ 450,000
Amount Due After One Year	31,643,737
Bonds Payable, Net	$ 32,093,737

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2022 Road	Series 2023 Road	Series 2024
Amount Outstanding – July 31, 2025	$ 6,205,000	$ 9,200,000	$ 16,500,000
Interest Rates	4.00%-6.75%	4.00%-5.00%	4.00%-7.00%
Maturity Dates	September 1, 2025/2047	September 1, 2025/2048	September 1, 2025/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2028*	September 1, 2028*	September 1, 2030*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2022 Road term bonds due September 1, 2043, and September 1, 2047 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on beginning September 1, 2040 and September 1, 2044, respectively. Series 2023 Road term bonds due September 1, 2048 are subject to mandatory redemption by lot or other customer method at a price of par plus accrued interest beginning September 1, 2045. Series 2024 term bonds due September 1, 2045, September 1, 2047, and September 1, 2049 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest beginning September 1, 2044, September 1, 2046, and September 1, 2048, respectively.

As of July 31, 2025, the District had authorized but unissued bonds in the amount of $64,455,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, $75,500,000 for road facilities, $101,193,750 for the purpose of refunding water, sewer and drainage facilities bonds and $113,812,500 for the purpose of refunding road bonds.

NOTE 3. LONG-TERM DEBT (Continued)

As of July 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 450,000	$ 1,596,219	$ 2,046,219
2027	615,000	1,449,344	2,064,344
2028	740,000	1,338,857	2,078,857
2029	825,000	1,255,732	2,080,732
2030	890,000	1,194,975	2,084,975
2031-2035	5,085,000	5,318,076	10,403,076
2036-2040	6,365,000	4,146,713	10,511,713
2041-2045	7,995,000	2,657,741	10,652,741
2046-2050	8,940,000	843,000	9,783,000
	$ 31,905,000	$ 19,800,657	$ 51,705,657

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended July 31, 2025, the District levied an ad valorem debt service tax rate of $0.8175 per $100 of assessed valuation, which resulted in a tax levy of $2,050,844 on the adjusted taxable valuation of $250,867,713 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th-year anniversary of each issue.

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $4,328 and the bank balance was $4,478. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of July 31, 2025, as listed below:

	Cash
GENERAL FUND	$ 3,383
DEBT SERVICE FUND	900
CAPITAL PROJECTS FUND	45
TOTAL DEPOSITS	$ 4,328

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all of its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of July 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
LOGIC	$ 442,279	$ 442,279
DEBT SERVICE FUND		
LOGIC	2,416,081	2,416,081
CAPITAL PROJECTS FUND		
LOGIC	3,644,264	3,644,264
TOTAL INVESTMENTS	$ 6,502,624	$ 6,502,624

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of July 31, 2025, the District's investments in LOGIC was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in LOGIC to have maturities of less than one year due to the fact that the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in values.

Restrictions

All cash and investment of the Debt Service Fund are restricted for the payment of debt service and cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2025, is as follows:

	August 1, 2024	Increases	Decreases	July 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 206,675	$ - 0 -	$ - 0 -	$ 206,675
Capital Assets Subject to Depreciation				
Water System	$ 12,800,907	$	$	$ 12,800,907
Wastewater System	10,577,472			10,577,472
Paving	7,849,259			7,849,259
Drainage/Detention	4,427,265			4,427,265
Total Capital Assets Subject to Depreciation	$ 35,654,903	$ - 0 -	$ - 0 -	$ 35,654,903
Accumulated Depreciation				
Water System	$ 987,254	$ 284,465	$	$ 1,271,719
Wastewater System	795,121	235,055		1,030,176
Paving	581,468	224,265		805,733
Drainage/Detention	233,327	98,384		331,711
Total Accumulated Depreciation	$ 2,597,170	$ 842,169	$ -0-	$ 3,439,339
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 33,057,733	$ (842,169)	$ - 0 -	$ 32,215,564
Total Capital Assets, Net of Accumulated Depreciation	$ 33,264,408	$ (842,169)	$ - 0 -	$ 32,422,239

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax unlimited as to rate or amount per $100 of assessed valuation of taxable property within the District. During the year ended July 31, 2025, the District levied an ad valorem maintenance tax rate of $0.06 per $100 of assessed valuation, which resulted in a tax levy of $150,521 on the adjusted taxable valuation of $250,867,713 for the 2024 tax year.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the last three years.

NOTE 9. UNREIMBURSED COSTS

The District has entered into financing agreements with the Developer which calls for the Developer to fund operating advances as well as costs associated with the construction of roads, water, wastewater, and drainage infrastructure. The District has an obligation to reimburse the Developer for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs

Due to Developers, August 1, 2024	$ 13,125,396
Add: Current Year Additions	-0-
Less: Current Year Reimbursements	-0-
Due to Developers, July 31, 2025	$ 13,125,396

NOTE 10. AGREEMENT WATER AND WASTEWATER SERVICES

Water Supply

The District lies within the service area of certificate of convenience and necessity number 11157 held by the City of Fort Worth ("City"). The City is the provider of retail water service to the users withing the District.

The District entered into a Water Infrastructure Agreement with the City stating the City shall provide potable water services to the District. The District will construct the internal water supply facilities necessary to service customers within the District's boundaries. Upon completion of such systems, the systems will be conveyed to the City. In consideration of the District' construction and conveying such systems, the City shall assume all operation and maintenance responsibilities for the water system

Wastewater Treatment

The area within the District lies wholly within the sewer certificate of convenience and necessity number 21059 held by the City. The City is the provider of retail wastewater service to the users within the District.

The District entered into a Sewer Infrastructure Agreement with the City stating the City shall provide wastewater treatment services to the District. The District will construct, or have constructed, a wastewater collection system necessary to service customers within the District's boundaries. Upon completion of such systems, the system will be conveyed to the City. In consideration of the District's constructing and conveying such systems, the City shall assume all operation and maintenance responsibilities for the wastewater systems.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2025

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND FOR THE YEAR ENDED JULY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 137,879	$ 147,345	$ 9,466
Investment and Miscellaneous Revenues	9,600	20,506	10,906
TOTAL REVENUES	$ 147,479	$ 167,851	$ 20,372
EXPENDITURES			
Service Operations:			
Professional Fees	$ 90,450	$ 89,240	$ 1,210
Contracted Services	21,204	21,187	17
Utilities	5,550	5,307	243
Repairs and Maintenance		5,549	(5,549)
Other	26,500	18,425	8,075
TOTAL EXPENDITURES	$ 143,704	$ 139,708	$ 3,996
NET CHANGE IN FUND BALANCE	$ 3,775	$ 28,143	$ 24,368
FUND BALANCE - AUGUST 1, 2024	390,188	390,188	
FUND BALANCE - JULY 31, 2025	$ 393,963	$ 418,331	$ 24,368

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2025

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025

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

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

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

X Other (specify): Storm Water Detention

The District is located within the City of Fort Worth's water and wastewater service area (see Note 10).

2. RETAIL SERVICE PROVIDERS: (Not Applicable)

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

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

Does the District have Debt Service standby fees? Yes __ No _X_

Does the District have Operation and Maintenance standby fees? Yes __ No _X_

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

Is the District located within a City's extra territorial jurisdiction (ETJ):

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Fort Worth, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2025

PROFESSIONAL FEES:		
Auditing	$	15,250
Engineering		13,370
Legal		60,620
TOTAL PROFESSIONAL FEES	$	89,240
CONTRACTED SERVICES:		
Bookkeeping	$	21,187
UTILITIES	$	5,307
REPAIRS AND MAINTENANCE	$	5,549
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	11,182
Insurance		3,295
Office Supplies and Postage		177
Travel and Meetings		1,521
Other		2,250
TOTAL ADMINISTRATIVE EXPENDITURES	$	18,425
TOTAL EXPENDITURES	$	139,708

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
INVESTMENTS
JULY 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
LOGIC	XXXX6001	Varies	Daily	$ 442,279	$ -0-
DEBT SERVICE FUND					
LOGIC	XXXX6003	Varies	Daily	$ 2,416,081	$ -0-
CAPITAL PROJECTS FUND					
LOGIC	XXXX6002	Varies	Daily	$ 3,644,264	$ -0-
TOTAL - ALL FUNDS				$ 6,502,624	$ -0-

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2024	$ 319		$ 980	
Adjustments to Beginning Balance	(3,081)	(2,762)	(4,205)	$ (3,225)
Original 2024 Tax Levy	$ 146,302		$ 1,993,360	
Adjustment to 2024 Tax Levy	4,219	150,521	57,484	2,050,844
TOTAL TO BE ACCOUNTED FOR		$ 147,759		$ 2,047,619
TAX COLLECTIONS:				
Prior Years	$ (2,762)		$ (3,225)	
Current Year	150,107	147,345	2,045,211	2,041,986
TAXES RECEIVABLE - JULY 31, 2025		$ 414		$ 5,633
TAXES RECEIVABLE BY YEAR:				
2024		$ 414		$ 5,633

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 52,928,332	$ 46,192,638	$ 33,492,558	$ 8,736,158
Improvements	216,815,653	131,451,287	39,381,258	32,427
Personal Property	218,958	91,902		
Exemptions	(19,095,230)	(8,055,685)	(526,482)	(173,954)
TOTAL PROPERTY VALUATIONS	$ 250,867,713	$ 169,680,142	$ 72,347,334	$ 8,594,631
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.8175	$ 0.6620	$ 0.6170	$ 0.0000
Maintenance	0.0600	0.2155	0.2605	0.8775
TOTAL TAX RATES PER $100 VALUATION	$ 0.8775	$ 0.8775	$ 0.8775	$ 0.8775
ADJUSTED TAX LEVY*	$ 2,201,365	$ 1,490,716	$ 634,918	$ 75,503
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.73 %	100.00 %	100.00 %	100.00 %

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

Maintenance Tax – An unlimited rate or amount per $100 of assessed valuation approved by voters on November 6, 2007.

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025

	SERIES-2022 ROAD		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 150,000	$ 259,575	$ 409,575
2027	160,000	249,500	409,500
2028	165,000	238,938	403,938
2029	175,000	227,888	402,888
2030	180,000	218,600	398,600
2031	190,000	211,200	401,200
2032	200,000	203,400	403,400
2033	210,000	195,200	405,200
2034	220,000	186,600	406,600
2035	230,000	177,600	407,600
2036	245,000	168,100	413,100
2037	255,000	158,100	413,100
2038	270,000	147,600	417,600
2039	285,000	136,500	421,500
2040	295,000	124,900	419,900
2041	310,000	112,800	422,800
2042	325,000	100,100	425,100
2043	345,000	86,700	431,700
2044	360,000	72,600	432,600
2045	380,000	57,800	437,800
2046	400,000	42,200	442,200
2047	415,000	25,900	440,900
2048	440,000	8,800	448,800
2049			
2050			
	$ 6,205,000	$ 3,410,601	$ 9,615,601

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025

	SERIES-2023 ROAD		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 195,000	$ 625,644	$ 820,644
2027	205,000	501,269	706,269
2028	220,000	422,519	642,519
2029	235,000	377,394	612,394
2030	255,000	354,669	609,669
2031	265,000	344,269	609,269
2032	275,000	333,297	608,297
2033	285,000	321,747	606,747
2034	300,000	309,494	609,494
2035	315,000	296,425	611,425
2036	325,000	282,622	607,622
2037	345,000	267,966	612,966
2038	355,000	252,431	607,431
2039	370,000	236,119	606,119
2040	390,000	218,775	608,775
2041	410,000	200,275	610,275
2042	430,000	180,850	610,850
2043	445,000	160,616	605,616
2044	465,000	139,281	604,281
2045	485,000	116,719	601,719
2046	505,000	95,100	600,100
2047	535,000	74,300	609,300
2048	550,000	52,600	602,600
2049	1,040,000	20,800	1,060,800
2050			
	$ 9,200,000	$ 6,185,181	$ 15,385,181

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025

	SERIES-2024		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 105,000	$ 711,000	$ 816,000
2027	250,000	698,575	948,575
2028	355,000	677,400	1,032,400
2029	415,000	650,450	1,065,450
2030	455,000	621,706	1,076,706
2031	475,000	592,644	1,067,644
2032	495,000	567,900	1,062,900
2033	520,000	547,600	1,067,600
2034	540,000	526,400	1,066,400
2035	565,000	504,300	1,069,300
2036	590,000	481,200	1,071,200
2037	615,000	457,100	1,072,100
2038	645,000	431,900	1,076,900
2039	675,000	405,500	1,080,500
2040	705,000	377,900	1,082,900
2041	735,000	349,100	1,084,100
2042	770,000	319,000	1,089,000
2043	805,000	287,500	1,092,500
2044	845,000	254,500	1,099,500
2045	885,000	219,900	1,104,900
2046	925,000	183,700	1,108,700
2047	965,000	145,900	1,110,900
2048	1,010,000	106,400	1,116,400
2049	1,050,000	65,200	1,115,200
2050	1,105,000	22,100	1,127,100
	$ 16,500,000	$ 10,204,875	$ 26,704,875

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025

Due During Fiscal Years Ending July 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 450,000	$ 1,596,219	$ 2,046,219
2027	615,000	1,449,344	2,064,344
2028	740,000	1,338,857	2,078,857
2029	825,000	1,255,732	2,080,732
2030	890,000	1,194,975	2,084,975
2031	930,000	1,148,113	2,078,113
2032	970,000	1,104,597	2,074,597
2033	1,015,000	1,064,547	2,079,547
2034	1,060,000	1,022,494	2,082,494
2035	1,110,000	978,325	2,088,325
2036	1,160,000	931,922	2,091,922
2037	1,215,000	883,166	2,098,166
2038	1,270,000	831,931	2,101,931
2039	1,330,000	778,119	2,108,119
2040	1,390,000	721,575	2,111,575
2041	1,455,000	662,175	2,117,175
2042	1,525,000	599,950	2,124,950
2043	1,595,000	534,816	2,129,816
2044	1,670,000	466,381	2,136,381
2045	1,750,000	394,419	2,144,419
2046	1,830,000	321,000	2,151,000
2047	1,915,000	246,100	2,161,100
2048	2,000,000	167,800	2,167,800
2049	2,090,000	86,000	2,176,000
2050	1,105,000	22,100	1,127,100
	$ 31,905,000	$ 19,800,657	$ 51,705,657

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
CHANGE IN LONG-TERM DEBT BOND DEBT
JULY 31, 2025

Description	Original Bonds Issued	Bonds Outstanding August 1, 2024
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Road Bonds - Series 2022	$ 6,350,000	$ 6,350,000
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Road Bonds - Series 2023	9,200,000	9,200,000
Brookfield Water Control and Improvement District of Denton County, Unlimited Tax Utility Bonds - Series 2024	16,500,000	16,500,000
TOTAL	$ 32,050,000	$ 32,050,000

Bond Authority:	Utility Bonds	Road Bonds	Utility Refunding Bonds
Amount Authorized by Voters	$ 80,955,000	$ 91,050,000	$ 101,193,750
Amount Issued	16,500,000	15,550,000	
Remaining to be Issued	$ 64,455,000	$ 75,500,000	$ 101,193,750

Debt Service Fund cash, investments and cash with paying agent balances as of July 31, 2025:	$ 2,416,981
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,068,226

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding July 31, 2025	Paying Agent
$	$ 145,000	$ 269,344	$ 6,205,000	UMB Bank, N.A. Dallas, TX
		906,459	9,200,000	UMB Bank, N.A. Dallas, TX
		585,636	16,500,000	UMB Bank, N.A. Dallas, TX
$ - 0 -	$ 145,000	$ 1,761,439	$ 31,905,000	

Road Refunding Bonds
$ 113,812,500
$ 113,812,500

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FOUR YEARS
JULY 31, 2025

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 147,345	$ 367,213	$ 188,232
Investment and Miscellaneous Revenues	20,506	16,372	7,649
TOTAL REVENUES	$ 167,851	$ 383,585	$ 195,881
EXPENDITURES			
Professional Fees	$ 89,240	$ 85,024	$ 76,047
Contracted Services	21,187	20,171	21,808
Utilities	5,307	5,896	4,099
Repairs and Maintenance	5,549	5,000	
Other	18,425	22,988	14,664
TOTAL EXPENDITURES	$ 139,708	$ 139,079	$ 116,618
NET CHANGE IN FUND BALANCE	$ 28,143	$ 244,506	$ 79,263
BEGINNING FUND BALANCE	390,188	145,682	66,419
ENDING FUND BALANCE	$ 418,331	$ 390,188	$ 145,682

See accompanying independent auditor's report.

	Percentage of Total Revenues			
2022	2025	2024	2023	2022
$ 75,350	87.8 %	95.7 %	96.1 %	99.8 %
177	12.2	4.3	3.9	0.2
$ 75,527	100.0 %	100.0 %	100.0 %	100.0 %
$	53.2 %	22.2 %	38.8 %	%
10,087	12.6	5.3	11.1	13.4
	3.2	1.5	2.1	
	3.3	1.3		
11,684	11.0	6.0	7.5	15.5
$ 21,771	83.3 %	36.3 %	59.5 %	28.9 %
$ 53,756	16.7 %	63.7 %	40.5 %	71.1 %
12,663				
$ 66,419				

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FOUR YEARS
JULY 31, 2025

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 2,041,986	$ 1,124,817	$ 445,540
Investment and Miscellaneous Revenues	84,346	68,757	17,255
TOTAL REVENUES	$ 2,126,332	$ 1,193,574	$ 462,795
EXPENDITURES			
Tax Collection Expenditures	$ 15,001	$ 9,853	$
Debt Service Principal	145,000		
Debt Service Interest and Fees	1,762,639	274,637	133,310
TOTAL EXPENDITURES	$ 1,922,640	$ 284,490	$ 133,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 203,692	$ 909,084	$ 329,485
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ 705,136	$ 271,277
NET CHANGE IN FUND BALANCE	$ 203,692	$ 1,614,220	$ 600,762
BEGINNING FUND BALANCE	2,214,982	600,762	
ENDING FUND BALANCE	$ 2,418,674	$ 2,214,982	$ 600,762
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

	Percentage of Total Revenues			
2022	2025	2024	2023	2022
$	96.0 %	94.2 %	96.3 %	%
	4.0	5.8	3.7	
$ - 0 -	100.0 %	100.0 %	100.0 %	N/A %
$	0.7 %	0.8 %	%	%
	6.8			
	82.9	23.0	28.8	
$ - 0 -	90.4 %	23.8 %	28.8 %	N/A %
$ - 0 -	9.6 %	76.2 %	71.2 %	N/A %
$ - 0 -				
$ - 0 -				
$ - 0 -				
N/A				
N/A				

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025

District Mailing Address - Brookfield Water Control and Improvement District of Denton County
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2025	Expense Reimbursements for the year ended July 31, 2025	Title
Garrett O'Grady	05/2024 - 05/2028 (Elected)	$ 2,431	$ 39	President
Rachel Knight	05/2024 - 05/2028 (Elected)	$ 2,652	$ 589	Vice President
Stacy Lynch	05/2024 - 05/2028 (Elected)	$ 1,326	$ 196	Secretary
Stephanie Rich	11/2022 05/2026 (Appointed)	$ 2,210	$ 310	Assistant Secretary
Wayde Hyde	06/2023 05/2026 (Appointed)	$ 1,768	$ 387	Assistant Secretary

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

Submission date of most recent District Registration Form: May 13, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025

Consultants:	Date Hired	Fees for the year ended July 31, 2025	Title
Winstead PC	10/02/15	$ 59,970	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/03/22	$ 15,250	Auditor
Dye & Tovery, LLC	06/12/07	$ 21,187	Bookkeeper
Hilltop Securities, Inc.	08/07/20	$ -0-	Financial Advisor
Pape-Dawson Engineers, Inc.	02/11/16	$ 13,370	Engineer
Kerry Tovery		$ -0-	Investment Officer
McCreary, Veselka, Bragg & Allen, PC	02/05/21	$ -0-	Delinquent Tax Attorney
Denton County Tax Collector	08/13/21	$ 821	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Form of Bond Counsel's Opinion

An opinion in substantially the following form will be delivered by Winstead PC, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.#

The opinion will be issued on firm letterhead.

_____, 2026

BROOKFIELD WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON COUNTY
UNLIMITED TAX UTILITY BONDS, SERIES 2026
IN THE ORIGINAL PRINCIPAL AMOUNT OF $16,340,000

Ladies and Gentlemen:

We have acted as "Bond Counsel" to Brookfield Water Control and Improvement District of Denton County (the "District") in connection with the issuance of the bonds described above (the "Bonds") for the sole purpose of providing legal advice and traditional legal services to the District including rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but we have relied solely upon the transcript of certified proceedings, certifications, and other documents described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds or with respect to the sufficiency of security or marketability of the Bonds. We have relied solely on information and certifications furnished to us by the District with respect to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds that contains certified copies of certain proceedings of the Board of Directors of the District (the "Board"); an order of the Board authorizing the Bonds adopted on October 6, 2026 (the "Order"); the Official Notice of Sale; the awarded bid; the approving opinion of the Attorney General of the State of Texas; customary certificates of officers, agents, and representatives of the District (including a "Federal Tax Certificate"), and other public officials; and other documents relating to the issuance of the Bonds. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the truth and accuracy of the statements contained in such certificates. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have examined executed Bond No. T-1.

Based on said examination and in accordance with customary legal opinion practice, it is our opinion that:

1. The District is a validly existing political subdivision of the State of Texas with power to adopt the Order, perform its agreements therein, and issue the Bonds.

2. The Bonds have been authorized, sold, and delivered in accordance with law.

3. The Bonds constitute valid and legally binding obligations of the District enforceable in accordance with their terms except as the enforceability thereof may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally.

4. Ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District, necessary to pay the interest on and principal of the Bonds, have been pledged irrevocably for such purpose.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

We call your attention to the fact that the ownership of obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, certain S corporations with Subchapter C earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred expenses allocable to, tax-exempt obligations.

The Service has an ongoing audit program to determine compliance with rules relating to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit is commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

In rendering these opinions, we have relied upon representations and certifications of the District, the District's financial advisor, and the initial purchaser of the Bonds with respect to matters solely within the knowledge of such parties, respectively, which we have not independently verified, and we assume continuing compliance by the District with covenants pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing

covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

The opinions set forth above are based on existing laws of the United States (including statutes, regulations, published rulings, and court decisions) and the State of Texas, which are subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based on our review of existing law, and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, the sufficiency of the security for, or the marketability of the Bonds.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed therein and is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. In rendering a legal opinion, we do not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Respectfully submitted,

Financial Advisory Services
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