OFFICIAL STATEMENT DATED SEPTEMBER 15, 2026

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF MCCALL, PARKHURST AND HORTON L.L.P., BOND COUNSEL TO THE DISTRICT, TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, COURT DECISIONS, AND PUBLISHED RULINGS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-Book-Entry-Only

Insured Ratings (AG): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "Baa3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$3,700,000

LONE OAK FARM MUNICIPAL UTILITY DISTRICT

(A political subdivision of the State of Texas located within Guadalupe County, Texas)

UNLIMITED TAX BONDS,

SERIES 2026

Dated Date: October 1, 2026 **Due: September 1, as shown below**
Interest Accrual Date: Date of Delivery

The bonds described above (the "Bonds") are obligations solely of Lone Oak Farm Municipal Utility District (the "District") and are not obligations of the State of Texas, Guadalupe County, the City of New Braunfels, 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. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about October 21, 2026) (the "Date of Delivery") and is payable on each September 1 and March 1 (each an "Interest Payment Date") commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown herein.

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 (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the DTC participants. 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, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

ASSURED GUARANTY The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG" or the "Insurer").

MATURITY SCHEDULE

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2028	$ 85,000	5.000%	3.30%	54221V EA5	2032	$ 100,000	5.000%	3.75%	54221V EE7
2029	90,000	5.000%	3.45%	54221V EB3	2033	105,000 (c)	4.500%	4.00%	54221V EF4
2030	90,000	5.000%	3.55%	54221V EC1	2034	110,000 (c)	4.500%	4.25%	54221V EG2
2031	95,000	5.000%	3.65%	54221V ED9	2035	115,000 (c)	4.500%	4.40%	54221V EH0

$255,000 Term Bonds due September 1, 2037 (c), 54221V EK3 (b), 4.750% Interest Rate, 4.75% Yield (a)
$280,000 Term Bonds due September 1, 2039 (c), 54221V EM9(b), 4.750% Interest Rate, 4.90% Yield (a)
$305,000 Term Bonds due September 1, 2041 (c), 54221V EP2 (b), 4.750% Interest Rate, 5.00% Yield (a)
$340,000 Term Bonds due September 1, 2043 (c), 54221V ER8 (b), 5.000% Interest Rate, 5.00% Yield (a)
$370,000 Term Bonds due September 1, 2045 (c), 54221V ET4 (b), 5.000% Interest Rate, 5.03% Yield (a)
$410,000 Term Bonds due September 1, 2047 (c), 54221V EV9 (b), 5.000% Interest Rate, 5.10% Yield (a)
$450,000 Term Bonds due September 1, 2049 (c), 54221V EX5 (b), 5.000% Interest Rate, 5.15% Yield (a)
$500,000 Term Bonds due September 1, 2051 (c), 54221V EZ0 (b), 5.125% Interest Rate, 5.20% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services 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.
(c) The Bonds maturing on and after September 1, 2033 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas. Delivery of the Bonds in book-entry form through DTC is expected on or about October 21, 2026.

TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY 4
SELECTED FINANCIAL INFORMATION (UNAUDITED) 8
THE BONDS 9
BOOK-ENTRY-ONLY SYSTEM 18
THE DISTRICT 19
MANAGEMENT OF THE DISTRICT 21
THE DEVELOPER/PRINCIPAL LANDOWNERS 22
THE SYSTEM 23
THE ROAD SYSTEM 25
UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED 26
FINANCIAL STATEMENT (UNAUDITED) 26
ESTIMATED OVERLAPPING DEBT STATEMENT 27
TAX DATA 28
TAXING PROCEDURES 30
GENERAL FUND OPERATIONS 35
DEBT SERVICE REQUIREMENTS 36
INVESTMENT CONSIDERATIONS 37
LEGAL MATTERS 44
TAX MATTERS 45
SALE AND DISTRIBUTION OF THE BONDS 48
MUNICIPAL BOND RATING 48
MUNICIPAL BOND INSURANCE 48
PREPARATION OF OFFICIAL STATEMENT 50
CONTINUING DISCLOSURE OF INFORMATION 52
MISCELLANEOUS 54
AERIAL PHOTOGRAPH 55
PHOTOGRAPHS OF THE DISTRICT 56
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025 ..... APPENDIX A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... APPENDIX B

USE OF INFORMATION IN OFFICIAL STATEMENT

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, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas, 78701, for further information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

Assured Guaranty Inc. ("AG" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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."

Neither the District nor the Initial Purchaser make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

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 BONDS

Description... The $3,700,000 Unlimited Tax 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 adopted by the Board of Directors (the "Board") of Lone Oak Farm Municipal Utility District (the "District"). The Bonds are scheduled to mature serially on September 1 in each of the years 2028 through 2035, both inclusive, and as term bonds maturing on September 1 in each of the years 2037, 2039, 2041, 2043, 2045, 2047, 2049, and 2051 (the "Term Bonds") each in the principal amounts and accruing interest at the rates shown on the cover hereof. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from the Date of Delivery (expected to be on or about October 21, 2026), and is payable on March 1, 2027, and on each September 1 and March 1 thereafter, until maturity or prior redemption. See "THE BONDS."

Book-Entry-Only System... The Depository Trust Company ("DTC"), New York, New York, 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 certificate will be issued for each series and maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption... The Bonds maturing on or after September 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds... Proceeds of the Bonds will be used to pay for engineering and construction costs associated with certain wastewater improvements shown herein under "THE SYSTEM—Use and Distribution of Bond Proceeds." In addition, proceeds of the Bonds will be used to capitalize twelve (12) months of interest on the Bonds; and to pay engineering fees, administrative costs, and certain other costs related to the issuance of the Bonds.

Authority for Issuance... The Bonds are the third series of bonds issued out of an aggregate of $481,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7888, Texas Special District Local Laws Code, an election held within the District, an order of the Texas Commission on Environmental Quality (the "TCEQ") approving the issuance of said bonds, and the terms and conditions of the Bond Order. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future 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 upon all taxable property within the District. See "TAXING PROCEDURES" The Bonds are obligations of the District and are not obligations of the State of Texas, Guadalupe County, the City of New Braunfels or any other political subdivision or agency other than the District. See "THE BONDS—Source and Security for Payment."

Payment Record... The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and two series of unlimited tax bonds for the purpose of acquiring or constructing road facilities, of which the District has $25,645,000 principal amount of bonds outstanding (the "Outstanding Bonds") as of September 1, 2026. The District has never defaulted on the debt service payments on its debt obligations. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."

Qualified Tax-Exempt Obligations... The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and represents that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2026 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Rating and Municipal Bond Insurance… S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to this issue of the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Bond Counsel... McCall, Parkhurst & Horton L.L.P., Austin, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."

General Counsel… Armbrust & Brown PLLC, Austin, Texas.

Financial Advisor... Masterson Advisors LLC, Houston, Texas.

Disclosure Counsel... McCall, Parkhurst & Horton L.L.P., Austin, Texas.

Engineer… Jones-Heroy & Associates, Inc., Austin, Texas.

Paying Agent/Registrar... BOKF, NA, Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

THE DISTRICT

Description…

The District was created by Senate Bill 2558, an act of the 86th Legislature of the State of Texas, Regular Session (2019) and codified as Chapter 7888 of the Special District Local Laws Code (the "Act"). The District contains approximately 594 acres of land after annexations in March 2021 of approximately 116 acres, May 2022 of approximately 141 acres, August 2024 of approximately 11 acres, May 2025 of approximately 9 acres, and May 2026 of approximately 112 acres. The District is located in Guadalupe County, Texas (the "County") near the intersection of Highway 123 and F.M. 758, approximately 13 miles east of the City of New Braunfels, Texas (the "City") and approximately 10 miles north of the City of Seguin. The District lies totally within the extraterritorial jurisdiction of the City and within Navarro Independent School District. See "THE DISTRICT."

Status of Development…

The District is being developed primarily for single family residential purposes as Navarro Ranch and Jaro. Navarro Ranch is being developed by Lennar Homes of Texas Land and Construction, Ltd. Water, sanitary sewer and drainage facilities have been constructed to serve Navarro Ranch, Units 1A, 1B, 1C, 2A, 2B, 2C, 3A, 3B, and 4 through 8 (approximately 306 acres of land developed into 1,319 single-family residential lots). Jaro South and Jaro North was developed by NB Dean 32, LLC and sold to Lennar Homes (defined herein). Water, sanitary sewer and drainage facilities have been constructed to serve Jaro South, Units 1 and 2 (approximately 20 acres of land developed into 130 single-family residential lots) and Jaro North, Unit 1 (approximately 36 acres of land developed into 119 single-family residential lots). As of September 1, 2026, the District contained 1,159 single-family homes completed and occupied, 21 single-family homes completed and not occupied, 90 single-family homes in various stages of construction, 2 model homes, and 296 vacant developed lots available to new home construction. The current builder in Navarro Ranch and Jaro is Lennar Homes (defined herein). New homes in the District range in offering prices from approximately $185,000 to $380,000 with square footage ranging from 1,480 to 2,613 square feet.

Construction of water, sanitary sewer, and drainage facilities to serve Navarro Ranch, Unit 9 (approximately 16 acres of land being developed into 25 single- family residential lots), Jaro North, Unit 2 (approximately 41 acres of land being developed into 250 single- family residential lots), Jaro North, Unit 3 (approximately 25 acres of land being developed into 166 single-family residential lots), and Jaro North, Unit 4 (approximately 38 acres of land being developed into 216 single-family residential lots) is underway.

In addition to the development described above, an amenity center which includes a playground, a swimming pool with water slides, an event space, and gym has been constructed on approximately 9 acres. The District also includes, approximately 50 acres of developable land which has not been provided with underground water, sanitary sewer and drainage facilities and approximately 53 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses. See "THE DISTRICT – Status of Development."

The Developer/ Principal Landowners…

Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, ("Lennar Homes" or the "Developer"), has developed water, sewer and drainage facilities to serve specific sections within the District known as Navarro Ranch. NB Dean 32, LLC ("NB Dean"), a Texas limited liability company, developed water, sewer and drainage facilities to serve Jaro South, which was subsequently sold to Lennar Homes. NB Dean master planned all of Jaro North (including Jaro North Unit 1) which was later annexed into the District and engineered by Benchmark (defined herein). NB Dean financed the development of Jaro South, Units 1 and 2 with financing provided by commercial lending institutions. NB Dean has sold the lots to Lennar Homes and does not own any additional land in the District. NB Dean sold approximately 85 acres of land to Benchmark Acquisitions ("Benchmark"). Benchmark later sold the 85 acres of land to Lennar Homes who has been developing those lots. In May 2022, the District annexed an adjacent tract of undeveloped land owned by BG Land Development LLC ("BG Land"), a Texas limited liability company. NB Dean and BG

Land are under common ownership and control. The remaining 50 acres of Jaro North was conveyed to BG Land, acting as a land bank for Lennar Homes, while Lennar Homes develops the property. Lennar Homes is wholly owned by Lennar Corporation ("Lennar"), a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "LEN." Lennar's activities include homebuilding, real estate investments, residential and commercial developments, and financial services operations throughout the United States. See "THE DEVELOPER/PRINCIPAL LANDOWNERS."

INVESTMENT CONSIDERATIONS

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 "INVESTMENT CONSIDERATIONS."

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SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$242,743,531 (a)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds)	$29,345,000 (b)
Estimated Overlapping Debt	24,171,632 (c)
Gross Direct Debt and Estimated Overlapping Debt	$53,516,632
Ratios of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	12.09%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:	
2026 Taxable Assessed Valuation	22.05%
2026 Debt Service Tax Rate	$0.65
2026 Maintenance and Operations Tax Rate	0.18
2026 Total Tax Rate	$0.83 (d)
Average Annual Debt Service Requirement (2027-2051) of the Bonds and the Outstanding Bonds ("Average Requirement")	$1,939,240 (e)
Maximum Annual Debt Service Requirement (2048) of the Bonds and the Outstanding Bonds ("Maximum Requirement")	$2,148,594 (e)
Tax Rate Required to Pay Average Requirement (2027-2051) at a 95% Collection Rate: Based upon 2026 Taxable Assessed Valuation	$0.85 (f)
Tax Rate Required to Pay Maximum Requirement (2048) at a 95% Collection Rate: Based upon 2026 Taxable Assessed Valuation	$0.94 (f)

Status of Development as of September 1, 2026:

Single-Family Residential – Homes Completed and Occupied	1,159
Single-Family Residential – Homes Completed and Unoccupied	21
Single-Family Residential – Homes Under Construction	90
Single-Family Residential – Vacant Developed Lots	296
Model Homes	2
Total Connections	1,568

Estimated 2026 Population — 4,057 (g)

(a) The 2026 Taxable Assessed Valuation shown herein includes $225,839,884 of certified value and $16,903,647 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Guadalupe Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."
(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(d) See "TAX DATA—Tax Rate Distribution."
(e) See "DEBT SERVICE REQUIREMENTS."
(f) See "TAX DATA—Tax Adequacy for Debt Service."
(g) Estimate based on 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

LONE OAK FARM MUNICIPAL UTILITY DISTRICT

(A political subdivision of the State of Texas located within Guadalupe County, Texas)

$3,700,000
UNLIMITED TAX BONDS,
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Lone Oak Farm Municipal Utility District (the "District") of its $3,700,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ") approving the issuance of the Bonds, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7888 Special District Local Laws Code, an election held within the District, and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District and the Developer (defined herein) of land within 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 the District upon payment of the costs of duplication therefore.

This OFFICIAL STATEMENT speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be filed by the Initial Purchaser with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

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 of the Board authorizing the issuance and sale of the Bonds. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated October 1, 2026 and accrue interest from the Date of Delivery (expected on or about October 21, 2026). Interest is payable on each March 1 and September 1 commencing March 1, 2027, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years shown on the inside cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

Authority for Issuance

At an election held within the District on November 3, 2020, voters of the District authorized a total of $481,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are being issued pursuant to such authorization. See "—Issuance of Additional Debt" herein. The Commission has approved the sale of the Bonds for the purposes described in "THE SYSTEM—Use and Distribution of Bond Proceeds."

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7888, Texas Special District Local Laws Code; and an order of the TCEQ.

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

While the Bonds, the Outstanding Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Guadalupe County, the City of New Braunfels (the "City"), or any entity other than the District.

Termination of Book-Entry Only System

The District is initially utilizing the book-entry-only system of DTC ("Book-Entry-Only-System"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment: Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds falls on a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration: If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of $5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds: Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15th) (whether or not a business day) calendar day of the month preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds: If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

No Arbitrage

The District will certify as of the date each series of Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date such Bonds are delivered and paid for regarding the amount and use of the proceeds of such Bonds. Moreover, the District covenants in the applicable Bond Order that it shall make such use of the proceeds of such Bonds, regulate investment of proceeds of such Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

Optional Redemption: 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 of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

Mandatory Redemption of the Term Bonds: The Bonds maturing on September 1 in each of the years 2037, 2039, 2041, 2043, 2045, 2047, 2049, and 2051 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

$255,000 Term Bonds Due September 1, 2037

Mandatory Redemption Date	Principal Amount
2036	$ 125,000
2037 (maturity)	130,000

$280,000 Term Bonds Due September 1, 2039

Mandatory Redemption Date	Principal Amount
2038	$ 135,000
2039 (maturity)	145,000

$305,000 Term Bonds Due September 1, 2041

Mandatory Redemption Date	Principal Amount
2040	$ 150,000
2041 (maturity)	155,000

$340,000 Term Bonds Due September 1, 2043

Mandatory Redemption Date	Principal Amount
2042	$ 165,000
2043 (maturity)	175,000

$370,000 Term Bonds Due September 1, 2045

Mandatory Redemption Date	Principal Amount
2044	$ 180,000
2045 (maturity)	190,000

$410,000 Term Bonds Due September 1, 2047

Mandatory Redemption Date	Principal Amount
2046	$ 200,000
2047 (maturity)	210,000

$450,000 Term Bonds Due September 1, 2049

Mandatory Redemption Date	Principal Amount
2048	$ 220,000
2049 (maturity)	230,000

$500,000 Term Bonds Due September 1, 2051

Mandatory Redemption Date	Principal Amount
2050	$ 245,000
2051 (maturity)	255,000

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption: At least 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Selection of Bonds for Redemption

If less than all of the Bonds are called for redemption, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment in the case of Term Bonds, is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of $5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate and such sinking fund installment in the case of the Term Bonds shall be selected in accordance with the arrangements between the District and the securities depository.

DTC Redemption Provision

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of optional redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants, or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Funds

The Bond Order confirms the creation of a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart on the books and records of the District from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds and the Outstanding Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund: The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees with respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the respective Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect to) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to the Paying Agent when due.

Capital Projects Fund: The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds, and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater, and drainage facilities as approved by TCEQ, then in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

Registration and Transfer

BOKF, NA, Dallas, Texas is the initial paying agent/registrar (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") for the Bonds. So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order. While the Bonds are in the Book- Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by the initial Paying Agent/Registrar having an office for payment in Dallas, Texas. Any Paying Agent must be either a bank, trust company, financial institution, or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds. Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

Record Date

The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

Issuance of Additional Debt

After the issuance of the Bonds, the District will have $460,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities authorized but unissued. In addition, the District has also authorized $721,500,000 principal amount of unlimited tax bonds for refunding bonds issues for the water, sanitary sewer and drainage facilities, $174,000,000 principal amount of unlimited tax bonds for road facilities, and $261,000,000 principal amount of unlimited tax bonds for refunding bonds issued for road facilities, $165,175,000 principal amount of unlimited tax bonds for road facilities, and all the unlimited tax bonds for refunding water, sanitary sewer and drainage facilities and road facilities remains authorized but unissued. See "INVESTMENT CONSIDERATIONS—Future Debt."

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; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or acquire contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission and the voters of the District, to establish, operate, and maintain firefighting facilities, independently or with one or more conservation and reclamation districts.

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. Issuance of additional debt could dilute the investment security for the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

Annexation by the City of New Braunfels

The District is located entirely within the extraterritorial jurisdiction of the City. Generally, under current Texas law, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than fifty-percent (50%) of the land in the area, a petition has been signed by more than fifty-percent (50%) of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding 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.

Defeasance

General: The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order and the District will have no further responsibility with respect to the payment of such Defeased Bonds including any insufficiency to receive payments when due on the Defeased Securities.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable 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, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

Retention of Rights: To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments: Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility 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." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

The Bonds are rated and the District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Special Tax Covenants

In the Bond Order, the District covenants with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Remedies in Event of Default

The Bond Order establish specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought 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 remedy of mandamus is controlled by equitable principles, subject to 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 Bondholders 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. On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On May 2, 2018, the Texas Supreme Court issued a second opinion to clarify Wasson I, Wasson Interest, Ltd. v. City of Jacksonville, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with Wasson I, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that

can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated on the facts and circumstances surrounding the contract in question. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. 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"). 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 Bondholders 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.

Additional Covenants

The District additionally covenants in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (i) upon satisfying certain conditions, annex additional territory; and (ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied, including the District's simultaneous annexation of land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District will affect any change in its boundaries.

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning the Depository Trust Company ("DTC"), New York, NY and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

The 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 3.6 million issues of U.S. and on-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).

Principal, premium, if any, interest payments and redemption proceeds 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, 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, 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, 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. 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.

THE DISTRICT

General

The District was created by Senate Bill 2558, an act of the 86th Legislature of the State of Texas, Regular Session (2019) and codified as Chapter 7888 of the Special District Local Laws Code (the "Act"), and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the Act, and other general statutes applicable to municipal utility districts.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants, and contract rights therefore, necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. See "THE BONDS – Issuance of Additional Debt."

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds; limit the net effective interest rate on such bonds and other terms of such bonds; and require public water, sewer, and drainage facilities to be designed in accordance with certain City standards. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

Description and Location

The District contains approximately 594 acres of land after annexations in March 2021 of approximately 116 acres, May 2022 of approximately 141 acres, August 2024 of approximately 11 acres, May 2025 of approximately 9 acres, and May 2026 of approximately 112 acres. The District is located in Guadalupe County near the intersection of Highway 123 and F.M. 758, approximately 13 miles east of the City and approximately 10 miles north of the City of Seguin. The District lies totally within the extraterritorial jurisdiction of the City and within Navarro Independent School District.

Status of Development

The District is being developed primarily for single family residential purposes as Navarro Ranch and Jaro. Navarro Ranch is being developed by Lennar Homes of Texas Land and Construction, Ltd. Water, sanitary sewer and drainage facilities have been constructed to serve Navarro Ranch, Units 1A, 1B, 1C, 2A, 2B, 2C, 3A, 3B, and 4 through 8 (approximately 306 acres of land developed into 1,319 single-family residential lots). Jaro South was developed by NB Dean 32, LLC and subsequently sold to Lennar Homes (defined herein). NB Dean master planned all of Jaro North (including Jaro North Unit 1) which was later annexed into the District and engineered by Benchmark (defined herein). Water, sanitary sewer and drainage facilities have been constructed to serve Jaro South, Units 1 and 2 (approximately 20 acres of land developed into 130 single-family residential lots) and Jaro North, Unit 1 (approximately 36 acres of land developed into 119 single-family residential lots). As of September 1, 2026, the District contained 1,159 single-family homes completed and occupied, 21 single-family homes completed and not occupied, 90 single-family homes in various stages of construction, 2 model homes, and 296 vacant developed lots available to new home construction.

Construction of water, sanitary sewer, and drainage facilities to serve Navarro Ranch, Unit 9 (approximately 16 acres of land being developed into 25 single- family residential lots), Jaro North, Unit 2 (approximately 41 acres of land being developed into 250 single- family residential lots), Jaro North, Unit 3 (approximately 25 acres of land being developed into 166 single-family residential lots), and Jaro North, Unit 4 (approximately 38 acres of land being developed into 216 single-family residential lots) is underway.

In addition to the development described above, an amenity center which includes a playground, a swimming pool with water slides, an event space, and gym has been constructed on approximately 9 acres. The District also includes, approximately 50 acres of developable land which has not been provided with underground water, sanitary sewer and drainage facilities and approximately 53 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses.

The current builder in Navarro Ranch and Jaro is Lennar Homes (defined herein). New homes in the District range in offering prices from approximately $185,000 to $380,000 with square footage ranging from 1,480 to 2,613 square feet. As of September 1, 2026, the District contained 1,229 single-family homes completed as shown below:

Status of Home Construction as of September 1, 2026:

Single-Family Residential – Completed and Occupied	1,159
Single-Family Residential – Completed and Unoccupied	21
Single-Family Residential – Homes Under Construction	90
Single-Family Residential – Vacant Developed Lots	296
Model Homes	2
Total	1,568

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. One of the Directors resides within the District, the remaining four Directors listed below do not reside within the District; however, each of which owns an undivided interest in a small parcel of land in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The directors of the District are listed below:

Name	Title	Term Expires
Aaron Neumann	President	May 2028
Rachel Pringle	Vice President	May 2030
Kyle Hackett	Secretary	May 2030
Evana Toll	Assistant Secretary	May 2028
Patrick Lynch	Assistant Secretary	May 2028

While the District does not employ any full-time employees, it has contracted for certain services as follows:

District Consultants

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

General Counsel: The District engages Armbrust & Brown PLLC as General Counsel. Fees paid for services rendered by General Counsel related to the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Bond Counsel: The District engages McCall, Parkhurst & Horton L.L.P., Austin, Texas as bond counsel in connection with the issuance of the Bonds. The legal fees to be paid bond counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Austin, Texas has been retained as Disclosure Counsel. 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.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of September 30, 2025 and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025 audited financial statements.

Engineer: The consulting engineer for the District in connection with the design and construction of the District's facilities is Jones- Heroy & Associates, Inc. (the "Engineer").

Tax Assessor/Collector: Land and improvements within the District are appraised for ad valorem taxation purposes by the Guadalupe Central Appraisal District. The District's Tax Assessor/Collector is contracted with by the Board of the District, and the District has contracted with the Guadalupe County Tax Assessor/Collector to serve in this capacity for the District.

Bookkeeper: The District has engaged Bott & Douthitt, PLLC to serve as the District's bookkeeper (the "Bookkeeper").

THE DEVELOPER/PRINCIPAL LANDOWNERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility 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. In some instances, a landowner or developer will be required by the Commission to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the Commission to pave streets (in areas where District facilities are being financed with bonds), 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.

Neither the Developer (as hereinafter defined) nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. See "INVESTMENT CONSIDERATIONS—Dependence Upon Developers and Homebuilder." Furthermore, neither the Developer nor any of their affiliates has any binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District.

The Developer

Lennar Homes of Texas Land and Construction, Ltd. ("Lennar Homes" or the "Developer"), a Texas limited partnership, has developed water, sewer and drainage facilities to serve specific sections within the District known as Navarro Ranch. Lennar Homes financed, or is financing, the development of Navarro Ranch, Units 1A through 1C, 2A through 2C, 3A, 3B, and 4 through 8 in the District with funds provided by its parent company. Lennar is currently developing Navarro Ranch, Unit 9 (approximately 16 acres of land being developed into 25 single- family residential lots), Jaro North, Unit 2 (approximately 41 acres of land being developed into 250 single- family residential lots), Jaro North, Unit 3 (approximately 25 acres of land being developed into 166 single-family residential lots), and Jaro North, Unit 4 (approximately 38 acres of land being developed into 216 single-family residential lots). Lennar Homes does not own any additional land in the District but does own 296 vacant developed lots.

The General Partner of Lennar Homes is U.S. Home LLC, a Delaware limited liability company that is wholly owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at https:investors.lennar.com/financials. Lennar Corporation 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 Lennar Corporation 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.

NB Dean 32, LLC ("NB Dean"), a Texas limited liability company, developed water, sewer and drainage facilities to serve Jaro South, which was subsequently sold to Lennar Homes. NB Dean master planned all of Jaro North (including Jaro North Unit 1) which was later annexed into the District and engineered by Benchmark (defined herein). NB Dean financed the development of Jaro South, Units 1 and 2 with financing provided by commercial lending institutions. NB Dean has sold the lots to Lennar Homes and does not own any additional land in the District. NB Dean sold approximately 85 acres of land to Benchmark Acquisitions ("Benchmark"). Benchmark later sold the 85 acres of land to Lennar Homes who has been developing those lots.

The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developer has 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 its property within the District, or any other assets, at any time.

Principal Landowners

In May 2022, the District annexed an adjacent tract of undeveloped land owned by BG Land Development LLC ("BG Land"), a Texas limited liability company. NB Dean and BG Land are under common ownership and control. The remaining 50 acres of Jaro North was conveyed to BG Land, acting as a land bank for Lennar Homes, while Lennar Homes develops the property.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water, Sanitary sewer and Drainage Facilities

Construction of the water, sanitary sewer and drainage facilities to serve the District have been, or will be, financed with funds advanced by the Developer. It is expected that proceeds from sale of future issues of District Bonds will be used to reimburse the Developer for certain of the advances.

Source of Water Supply: Crystal Clear Special Utility District ("CCSUD") provides retail water service to all residents within the District pursuant to Nonstandard Service Agreement entered into by CCSUD and Lennar Homes dated July 23, 2019 (the "Water Agreement"). The Water Agreement sets forth the terms and conditions pursuant to which CCSUD agreed to provide up to 1,450 living unit equivalents ("LUEs") of retail water service to customers within the District. CCSUD owns and operates groundwater production facilities and is a member of the Canyon Regional Water Authority ("CRWA"). CRWA provides water to CCSUD pursuant to certain water supply contracts including Lake Dunlap/Mid Cities Project Contract, Hays/Caldwell Counties Area Contract, Wells Ranch I Contract, and Wells Ranch II Project. CRWA and the Guadalupe Blanco River Authority ("GBRA") entered into a water purchase contract dated as of October 13, 1998, as amended, which provides for the purchase of water by CRWA. The current annual commitment under the contract is 10,575 acre feet of water per year. CRWA also has water rights in the Carrizo and Wilcox Aquifers located in Guadalupe and Gonzales Counties. In 2007, through the Wells Ranch I and II projects, CRWA has permits for 13,029 acre feet of water. As of September 1, 2026, CCSUD served 1,159 active retail connections within the District.

Source of Wastewater Treatment: The City of Seguin, Texas ("Seguin") provides retail sewer service to all residents within the District pursuant to a Capital Improvement Agreement for Sanitary Sewer Service entered into by Seguin and Lennar Homes effective July 19, 2019 (the "Wastewater Agreement"). Pursuant to the Wastewater Agreement, Seguin has agreed to provide wastewater service sufficient to serve a total of 1,450 LUEs until June 18, 2044. Seguin treats the wastewater generated within the District at its Geronimo Creek Wastewater Treatment Plant, which has a current capacity of 5.54 million gallons per day. Lennar Homes financed the construction of the sanitary sewer line and lift station to transport all wastewater flows from the District to the Seguin wastewater system. As of September 1, 2026, Seguin served 1,159 active retail sewer connections within the District.

100-Year Floodplain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes and other improvements must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes and other improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to the District's Engineer, approximately 27 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map.

Atlas 14

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

Use and Distribution of Bond Proceeds

The estimated use and distribution of the Bond proceeds are shown below. Of proceeds to be received from the sale of the Bonds, $2,593,061 is estimated for construction costs and $1,106,939 is estimated for non-construction costs.

CONSTRUCTION COSTS	
Navarro Offsite Wastewater Improvements - Phase 3B2	$ 3,262,500
Total Construction Costs	**$ 3,262,500**
Less Surplus Construction Funds (a)	**$ (669,439)**
TOTAL CONSTRUCTION COST	**$ 2,593,061**
NON-CONSTRUCTION COSTS	
Legal Fees	$ 79,500
Financial Advisor Fees	72,250
Capitalized Interest (12 months)(b)	181,875
Developer Interest (Estimated)	548,028
Bond Discount (b)	110,120
Bond Issuance Expenses	56,211
TCEQ Bond Issuance Fee (0.25%)	9,250
Bond Application Report Cost	42,000
Attorney General Fee (0.1%)	3,700
Contingency (a)	4,005
Total Non-Construction Costs	**$ 1,106,939**
TOTAL BOND ISSUE	**$ 3,700,000**

(a) The District will contribute $669,439 of surplus capital projects funds toward the issuance of the Bonds. See "FINANCIAL STATEMENT (UNAUDITED)."

(b) The TCEQ approved a maximum Bond Discount of 3.00% and twelve (12) months of capitalized interest at an estimated interest rate of 5.00%. Contingency represents the difference between the estimated and actual amount of Bond Discount and capitalized interest.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ notice or approval and the issuance of additional bonds may be required.

THE ROAD SYSTEM

Navarro Ranch is the major collector street serving the District. The road meets the City's criteria for collector roadway designation. All roadways are designed and constructed in accordance with City standards, rules, and regulations. Upon acceptance of roadway facilities, the City will be responsible for operation and maintenance thereof.

The roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by street lights, sidewalks, and franchise utilities (power, gas, telephone, and cable).

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
11/3/2020	Water, Sanitary Sewer and Drainage	$481,000,000	$21,000,000 *	$460,000,000
11/3/2020	Road Bonds	$174,000,000	$8,825,000	$165,175,000
11/3/2020	Refunding Water, Sanitary Sewer And Drainage Bonds	$721,500,000	$0	$721,500,000
11/3/2020	Refunding Road Bonds	$261,000,000	$0	$261,000,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2026 Taxable Assessed Valuation	$242,743,531 (a)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds)	$29,345,000 (b)
Estimated Overlapping Debt	24,171,632 (c)
Gross Direct Debt and Estimated Overlapping Debt	$53,516,632
Ratios of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	12.09%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:	
2026 Taxable Assessed Valuation	22.05%

Area of District — 594 acres
Estimated 2026 Population — 4,057 (d)

(a) The 2026 Taxable Assessed Valuation shown herein includes $225,839,884 of certified value and $16,903,647 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Guadalupe Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."
(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(d) Estimate based on 3.5 persons per occupied single-family residence.

Cash and Investment Balances (unaudited as of August 18, 2026)

General Operating Fund	Cash and Temporary Investments	$978,968
Capital Projects Fund	Cash and Temporary Investments	$825,911 (a)
Debt Service Fund	Cash and Temporary Investments	$1,698,551 (b)(c)

(a) The District will contribute $669,439 of surplus capital projects funds toward the issuance of the Bonds.
(b) Twelve (12) months of capitalized interest will be deposited into such fund from proceeds of the Bonds ($181,875). Neither the Bond Order nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.
(c) Includes $960,766 for the District's September 1, 2026, debt service payment on the Outstanding Bonds.

Outstanding Bonds (as of September 1, 2026)

Series	Original Principal Amount	Outstanding Bonds (as of 9/1/26)
2023 (a)	$ 5,825,000	$ 5,575,000
2024	9,900,000	9,670,000
2025A	7,400,000	7,400,000
2025B (a)	3,000,000	3,000,000
Total	$ 26,125,000	$ 25,645,000

(a) Unlimited tax road bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

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.

Taxing Jurisdiction	Outstanding Bonds (a)	As of	Overlapping Percent	Overlapping Amount
Guadalupe County……	$ 22,460,000	7/31/2026	0.80%	$ 179,680
Navarro Independent School District……	229,149,494	7/31/2026	10.47%	23,991,952
Total Estimated Overlapping Debt……				$ 24,171,632
Direct Debt……	29,345,000 (b)	Current	100.00%	29,345,000
Total Direct and Estimated Overlapping Debt…				$ 53,516,632

Ratio of Estimated Direct and Overlapping Debt to 2026 Taxable Assessed Valuation…… 22.05%

(a) Includes principal amounts of current interest bonds and capital appreciation bonds. Capital appreciation bonds are shown at original principal amount as opposed to maturity value.
(b) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes for 2025

	2025 Tax Rate per $100 of Taxable Assessed Valuation
Guadalupe County……..	$ 0.33040
Navarro Independent School District……..	1.22280
Total Overlapping Tax Rate……	$ 1.55320
The District(a)……..	$ 0.83000
Total Tax Rate……..	$ 2.38320

(a) Represents the 2026 tax rate. See "TAX DATA—Tax Rate Distribution."

TAX DATA

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "—Summary of Assessed Valuation" herein.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of June 30, 2026 (b) Amount	Percent
2022	$ 6,810,843	$ 0.7200	$ 49,038	$ 49,038	100.00%
2023	65,161,778	0.7200	469,165	469,165	100.00%
2024	132,668,551	0.7200	955,214	954,171	99.89%
2025	200,636,159	0.7700	1,544,898	1,522,467	98.55%
2026	242,743,531	0.8300	2,014,771	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted. See "Summary of Assessed Valuation" herein.
(b) Reflects unaudited collections.
(c) In process of collections. Taxes for tax year 2026 are due by January 31, 2027.

Taxes are due when billed and become delinquent after January 31 of the following year. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.65	$ 0.60	$ 0.32	$ -	$ -
Maintenance and Operations	0.18	0.17	0.40	0.72	0.72
Total	$ 0.83	$ 0.77	$ 0.72	$ 0.72	$ 0.72

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.00 per $100 of taxable assessed valuation.

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. For the 2025 tax year, the Board levied a debt service tax in the amount of $0.65 per $100 assessed valuation.

Maintenance and Operations Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 3, 2020, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. For the 2026 tax year, the Board levied a maintenance tax in the amount of $0.18 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with Guadalupe County to collect delinquent taxes. Guadalupe County has contracted with a delinquent tax attorney to collect certain delinquent taxes. The contract establishes an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code. See "TAXING PROCEDURES – Levy and Collection of Taxes."

Summary of Assessed Valuation

The District's assessed 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." The following represents the composition of property comprising the 2024 through 2026 Taxable Assessed Valuation. An accurate breakdown of the uncertified portion ($16,903,647) of the 2026 Taxable Assessed Valuation of $242,743,531, is not available. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	2026	2025	2024
Land	$ 47,196,787	$ 39,172,922	$ 32,506,142
Improvements	192,834,320	172,081,941	108,415,237
Personal Property	3,076,451	2,123,872	178,001
Exemptions	(17,267,674)	(12,742,576)	(8,430,829)
Certified Total	$225,839,884	$200,636,159	$132,668,551
Uncertified Value	16,903,647	-	-
Total	$242,743,531	$200,636,159	$132,668,551

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($225,839,884) of the 2026 Taxable Assessed Valuation. An accurate principal taxpayer list related to the uncertified portion ($16,903,647) of the 2026 Taxable Assessed Valuation of $242,743,531, is not available as of the date hereof.

Taxpayer	Type of Property	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
TPG AG EHC III (LEN) Multistate 5 LLC (a)	Land & Improvements	$ 4,732,163	2.10%
Lennar Homes of Texas Land & Construction LTD (b)	Land & Improvements	1,686,730	0.75%
DRP Greenbough 37 LLC	Land & Improvements	847,835	0.38%
BG Land Dev LLC (b)	Land & Improvements	771,637	0.34%
Centric Fiber	Land & Improvements	726,054	0.32%
Hooks Gas Pipeline	Land & Improvements	725,892	0.32%
Eddeb Investments LTD	Land & Improvements	719,951	0.32%
Universal Natural Gas	Land & Improvements	480,316	0.21%
Total		$ 10,690,578	4.73%

(a) Reflects a land-banking and real estate investment company managed by a private equity firm to purchase and hold development properties for Lennar. See "THE DEVELOPER/PRINCIPAL LANDOWNERS."

(b) The Developer. See "THE DEVELOPER/PRINCIPAL LANDOWNERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $242,743,531 ($225,839,884 of certified value plus $16,903,647 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service.

Average annual debt service requirement (2027-2051)	$1,939,240
$0.85 tax rate on the 2026 Taxable Assessed Valuation of $242,743,531 at a 95% collection rate produces	$1,960,154
Maximum annual debt service requirement (2048)	$2,148,594
$0.94 tax rate on the 2026 Taxable Assessed Valuation of $242,743,531 at a 95% collection rate produces	$2,167,700

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation will not be adjusted downward, and no person should rely upon such amounts or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") 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." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within Guadalupe County, including the District. Such appraisal values are subject to review and change by the Guadalupe County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

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

required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran if such rating is less than 100%. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such a veteran is entitled to the exemption for the full amount of the residential homestead. 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 of the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: 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 appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: 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 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit 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 official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Temporary Exemption for Qualified Property Damaged by a Disaster

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

Tax Abatement

Guadalupe County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Guadalupe County, the District, and the City (after annexation of the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use, open space or timberland designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (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. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely 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. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

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

Tax Payment Installations After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2026 tax year, the District was designated as a "Developing District." The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes for 2025." 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; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described 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, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations."

GENERAL FUND OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the fiscal years ended September 30, 2022 through September 30, 2025. The unaudited summary shown below for the period ended June 30, 2026 has been provided by the Bookkeeper. Reference is made to such statements and records for further and more complete information.

	10/1/2025 to 6/30/2026 (a)	Fiscal Year Ended September 30			
		2025	2024	2023	2022 (b)
Revenues					
Property Taxes	$ 338,580	$ 545,122	$ 468,387	$ 56,111	$ 949
Interest and Other	24,081	21,479	12,439	-	-
Total Revenues	$ 362,661	$ 566,601	$ 480,826	$ 56,111	$ 949
Expenditures					
Director Fees, Including Payroll Taxes	$ 4,520	$ 5,234	$ 7,137	$ 3,025	$ 3,364
Repair/Maintenance	38,150	14,400	-	-	-
Legal Fees	26,770	31,135	30,547	14,229	29,293
Bookkeeping Fees	16,125	18,440	16,725	6,500	5,500
Audit Fees	13,750	12,750	9,750	9,250	-
Engineering Fees	41,580	42,693	25,518	20,745	8,098
Financial Advisor Fees	662	1,667	-	-	-
Website Maintenance	1,460	3,880	610	510	525
Insurance	3,353	3,450	3,410	1,449	1,449
Tax Appraisal/Collection Fees	9,955	7,543	6,584	774	12
Other	3,054	55	55	55	55
Bank Fees	-	4,163	4,338	3,211	2,195
Total Expenditures	$ 159,379	$ 145,410	$ 104,674	$ 59,748	$ 50,491
Revenues Over (Under) Expenditures	$ 203,282	$ 421,191	$ 376,152	$ (3,637)	$ (49,542)
Other Sources (Uses)					
Developer Advances	$ -	$ -	$ -	$ -	$ 50,000
Total Other Financing Sources	$ -	$ -	$ -	$ -	$ 50,000
Fund Balance (Beginning of Year)	$ 788,594	$ 367,403	$ (8,749)	$ (5,112)	$ (5,570)
Fund Balance (End of Year)	$ 991,876	$ 788,594	$ 367,403	$ (8,749)	$ (5,112)

(a) Unaudited, prepared by the Bookkeeper.

DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service on the Outstanding Bonds plus the Bonds.

Year	Outstanding Bonds Debt Service Requirements (a)	Plus: The Bonds Principal	Plus: The Bonds Interest	Plus: The Bonds Total	Total Debt Service Requirements
2027	$ 1,779,956		$ 156,615	$ 156,615	$ 1,936,571
2028	1,777,869	$ 85,000	181,875	266,875	2,044,744
2029	1,768,531	90,000	177,625	267,625	2,036,156
2030	1,762,406	90,000	173,125	263,125	2,025,531
2031	1,760,781	95,000	168,625	263,625	2,024,406
2032	1,767,381	100,000	163,875	263,875	2,031,256
2033	1,770,344	105,000	158,875	263,875	2,034,219
2034	1,772,069	110,000	154,150	264,150	2,036,219
2035	1,771,919	115,000	149,200	264,200	2,036,119
2036	1,778,294	125,000	144,025	269,025	2,047,319
2037	1,792,744	130,000	138,088	268,088	2,060,831
2038	1,789,806	135,000	131,913	266,913	2,056,719
2039	1,799,650	145,000	125,500	270,500	2,070,150
2040	1,811,563	150,000	118,613	268,613	2,080,175
2041	1,820,669	155,000	111,488	266,488	2,087,156
2042	1,826,700	165,000	104,125	269,125	2,095,825
2043	1,835,069	175,000	95,875	270,875	2,105,944
2044	1,845,538	180,000	87,125	267,125	2,112,663
2045	1,852,863	190,000	78,125	268,125	2,120,988
2046	1,857,088	200,000	68,625	268,625	2,125,713
2047	1,873,169	210,000	58,625	268,625	2,141,794
2048	1,880,469	220,000	48,125	268,125	2,148,594
2049	1,454,144	230,000	37,125	267,125	1,721,269
2050	761,938	245,000	25,625	270,625	1,032,563
2051	-	255,000	13,069	268,069	268,069
Total	$ 41,910,956	$ 3,700,000	$ 2,870,033	$ 6,570,033	$ 48,480,990

(a) Outstanding debt service as of September 1, 2026.

Average Annual Debt Service Requirements (2027-2051) $1,939,240
Maximum Annual Debt Service Requirement (2048) $2,148,594

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Guadalupe County, the City, 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 of 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 and Bankruptcy Limitations" herein.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Austin region and the national economy and those conditions can affect 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 (see "—Credit Market and Liquidity in the Financial Markets" herein), construction costs 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.

Impact on District Tax Rate

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. The 2026 Taxable Assessed Valuation of the District is $242,743,531 ($225,839,884 certified plus $16,903,647 uncertified) (see "FINANCIAL STATEMENT (UNAUDITED)"). After issuance of the Bonds, the maximum annual debt service requirement will be $2,148,594 (2048) and the average annual debt service requirement will be $1,939,240 (2027-2051). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.94 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $2,148,594 and a tax rate of $0.85 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $1,939,240 (see "TAX DATA—Tax Adequacy for Debt Service"). Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds (defined herein) based upon the 2026 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 the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX DATA—Tax Adequacy for Debt Service" and "TAXING PROCEDURES."

Dependence Upon Developers and Homebuilder

The Developer, principal landowners and active homebuilder are the principal taxpayers in the District. The growth of the tax base is dependent upon additional construction of homes within the District. The Developer are under no obligation to continue to market developed tracts of land for improvement. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment by the Developer. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, the homebuilder within the District, or other entities to whom such parties may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. See "THE DISTRICT—Status of Development" and "THE DEVELOPER/PRINCIPAL LANDOWNERS."

Based upon the most recently available information from the Guadalupe Central Appraisal District, the principal taxpayers in the District represented $10,690,578 or approximately 4.73% of the District's 2026 Certified Taxable Assessed Valuation of $225,839,884. As of January 1, 2026, the Developer and their related entities owned property located within the District, the total aggregate assessed value of which comprised approximately 1.09% of the District's total assessed valuation. If the Developer (or other principal taxpayer) were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. 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. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations" in this section, "TAX DATA—Principal Taxpayers," and "TAXING PROCEDURES—Levy and Collection of Taxes."

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 Developer 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 Developer or homebuilders.

Undeveloped Acreage and Vacant Lots

There are approximately 50 developable acres that have not been provided with water distribution, wastewater collection, and storm drainage facilities and 296 developed lots that remain vacant as of September 1, 2026. The District makes no representation as to when or if the undeveloped land will be developed or if construction of homes on vacant lots will occur. See "THE DISTRICT – Status of Development."

Rental Homes

Several of the homes constructed in Navarro Ranch (approximately 1,319 single-family residential lots) and Jaro (249 single-family residential lots) are owned by Upward America Central REIT TRS LP, as rental properties. It is anticipated that Upward America Central REIT TRS LP will continue to own homes constructed in Navarro Ranch and Jaro. Upward America Central REIT TRS LP as the owner of the homes in Navarro Ranch and Jaro, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards.

Future Debt

At a bond election held within the District on November 3, 2020, the voters of the District authorized the issuance of a total of $481,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities to serve the District. After issuance of the Bonds, the District will have $460,000,000 of authorized but unissued unlimited tax bonds for water, sanitary sewer, and drainage facilities. At the same election, the voters of the District authorized the issuance of a total of $721,500,000 principal amount of unlimited tax bonds for refunding bonds issued for the water, sanitary sewer, and drainage facilities, $174,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements, and $261,000,000 principal amount of unlimited tax bonds for refunding bonds issued for road purposes. $165,175,000 of authorized but unissued unlimited tax bonds for road facilities and all the unlimited tax bonds for refunding water, sanitary sewer, and drainage facilities and road facilities remains authorized but unissued. See "THE BONDS—Issuance of Additional Debt." The issuance of such future obligations may adversely affect the investment security of the Bonds. 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. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the TCEQ. Any additional bonds issued by the District may dilute the security for the Bonds.

The Developer has financed the engineering and construction costs of underground utilities to serve the District, as well as certain other District improvements. After reimbursement from the proceeds of the Bonds, the Developer will have expended approximately $37,440,273 (as of June 1, 2026) for design, construction and acquisition of District improvements not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission. According to the Engineer, the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

Specific Flood Type Risks

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

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

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act ("CAA") Amendments of 1990, the four-county San Antonio area ("San Antonio Area")-Bexar, Comal, Guadalupe, and Wilson Counties-has been designated an attainment/ unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard").

However, the San Antonio Area is currently designated as a "serious" nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA' s ozone standards, the TCEQ has established a state implementation plan ("SIP") setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the San Antonio Area. It is possible that additional controls will be necessary to allow the San Antonio Area to maintain and/ or achieve attainment with the ozone standards. Such additional controls could have a negative impact on the San Antonio Area's economic growth and development.

Water Supply & Discharge Issues: Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

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

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

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

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

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

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the Sackett decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CW A to conform with the Supreme Court's decision.

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

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 "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Taxes for 2025."), 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

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

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901- 946. The filing of such petition would automatically stay the enforcement of a Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as

they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into involuntary bankruptcy.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement with 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.

Potential Impact of Natural Disaster

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

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

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. Insurance to protect against such breaches may be limited.

Future 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 legislation, administrative action, or court decision could limit for certain individual taxpayers 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.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Assured Guaranty Inc. ("AG" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurers (the "Insurers") and its claim paying ability. The Insurers' 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 Insurers and of the ratings on the Bonds insured by the Insurers 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 description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

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

LEGAL MATTERS

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid 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.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel," "TAXING PROCEDURES," "LEGAL MATTERS—Legal Proceedings" (insofar as such section relates to the legal opinion of Bond Counsel)," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subheading "—Compliance with Prior Undertakings") solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") for Federal income tax purposes interest on the Bonds (1) will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

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.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 55(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax- exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

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 Raymond James & Associates, Inc. (the "Initial Purchaser") bearing the interest rates shown on the hereof, at a price of 97.0238% of the par value thereof which resulted in a net effective interest rate of 5.148750%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any 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 that stabilize or maintain the market prices of the Bonds at levels above those that 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 Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other 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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its municipal bond insurance policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE."

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 Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain 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 except as described 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.

Financial Advisor

Masterson Advisors LLC is employed as the Financial 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 Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial 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 Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

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

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Guadalupe County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the Appraisal District and the Guadalupe County Tax Assessor/Collector, and is included herein in reliance upon their authority as experts in assessing and collecting taxes.

Auditor: The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements.

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in "GENERAL FUND OPERATIONS" has been provided from records of Bott & Douthitt, PLLC and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

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 elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notify 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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board of Directors 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 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 this 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 Registered 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 certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements within the required time, and 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 described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations

with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term "Financial Obligation" is defined in the Bond Order to mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words used in such clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

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

The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "—Annual Reports."

Availability of Information from 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 Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. 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 under "—Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The District entered into its first continuing disclosure agreement in connection with the issuance of its Unlimited Tax Road Bonds, Series 2023. The District has complied in all material respects with its continuing disclosure agreement in accordance with SEC Rule 15c2-12.

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 Lone Oak Farm Municipal Utility District, as of the date shown on the cover page.

/s/ Aaron Neumann
President, Board of Directors

ATTEST:

/s/ Kyle Hackett
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of July 2026)

Lone Oak Farm
Municipal Utility District
F.M. 758
S.H. 123
N

PHOTOGRAPHS OF THE DISTRICT
(As of July 2026)

NAVARRO
RANCH

9070

5543

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the Fiscal Year Ended September 30, 2025

LONE OAK FARM
MUNICIPAL UTILITY DISTRICT

Financial Statements and
Supplementary Information as of and for the
Year Ended September 30, 2025 and
Independent Auditor's Report

LONE FARM OAK MUNICIPAL UTILITY DISTRICT

TABLE OF CONTENTS

Page

Annual Filing Affidavit 1

Independent Auditor's Report 2

Management's Discussion and Analysis MDA-1

Financial Statements

Statement of Net Position and Governmental Funds Balance Sheet FS-1

Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances FS-2

Notes to the Financial Statements FS-3

Required Supplementary Information (RSI)

Budgetary Comparison Schedule - General Fund FS-15

Texas Supplementary Information (TSI)

Services and Rates TSI-1

General Fund Expenditures TSI-2

Temporary Investments TSI-3

Taxes Levied and Receivable TSI-4

Long-Term Debt Service Requirements - By Years TSI-5

Changes in Long-Term Bonded Debt TSI-6

Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years TSI-7

Board Members, Key Personnel and Consultants TSI-8

ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF GUADALUPE

I, _____ of the
(Name of Duly Authorized District Representative)

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **29th day of January, 2026**, its annual audit report for the fiscal year ended **September 30, 2025** and that copies of the annual audit report have been filed in the District's office, located at:

100 Congress Ave. Suite 1300
Austin, Texas 78701
(Address of District's Office)

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

Date: _____ , _____ By: _____
(Signature of Representative)

_____
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____ , _____.

(SEAL)

_____
(Signature of Notary)

My Commission Expires On: _____ , _____.
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 07/2012)

INDEPENDENT AUDITOR'S REPORT

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lone Oak Farm Municipal Utility District
Guadalupe County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lone Oak Farm Municipal Utility District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Lone Oak Farm Municipal Utility District (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2025. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current fiscal year, the nonspendable and unassigned fund balance was $788,594, an increase of $421,191 from the previous fiscal year. General Fund revenues were $566,601 in the current fiscal year while expenditures were $145,410.
- *Debt Service Fund*: Fund balance restricted for debt service increased to $514,756 in the current fiscal year. The Debt Service Fund paid $120,000 of bond principal and $663,276 of bond interest during the current fiscal year. Capitalized interest of $405,850 from the District's Series 2024 unlimited tax bonds was deposited to the Debt Service Fund during the current fiscal year.
- *Capital Projects Fund*: Fund balance restricted for capital projects increased to $144,561 during the current fiscal year. The District issued $9,900,000 of unlimited tax bonds and used the proceeds to purchase $7,702,468 of infrastructure improvements, reimburse $100,000 of prior operating advances and pay $744,581 of developer interest and $825,928 of bond issuance costs.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had expenses net of revenues of $1,579,359 during the current fiscal year. Net position decreased from a deficit balance of $1,074,168 at September 30, 2024 to a deficit balance of $2,653,527 at September 30, 2025.

OVERVIEW OF THE DISTRICT

The District was created on September 1, 2019 pursuant to Acts of the 86th Legislature, Regular Session, and codified by Chapter 7888 of the Texas Special District Local Laws Code and in accordance with Article XVI, Section 59 of the Texas Constitution, with the powers and duties provided by Chapters 49 and 54 of the Texas Water Code.

The District is located on approximately 462 acres of land in Guadalupe County near the intersection of State Highway 123 and FM 758, approximately 13 miles east of the City of New Braunfels, Texas and approximately 10 miles north of the City of Sequin, Texas.

USING THIS ANNUAL REPORT

This annual report consists of four parts:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase
	2025	2024	(Decrease)
Current and other assets	$ 1,488,723	$ 798,696	$ 690,027
Capital and non-current assets	11,690,012	4,212,797	7,477,215
Total Assets	$ 13,178,735	$ 5,011,493	$ 8,167,242
Current liabilities	$ 453,310	$ 158,555	$ 294,755
Long-term liabilities	15,378,952	5,927,106	9,451,846
Total Liabilities	$ 15,832,262	$ 6,085,661	$ 9,746,601
Net investment in capital assets	$ (3,904,379)	$ (1,734,309)	$ (2,170,070)
Restricted for debt service	459,321	392,381	66,940
Unrestricted	791,531	267,760	523,771
Total Net Position	$ (2,653,527)	$ (1,074,168)	$ (1,579,359)

The District's net position decreased by $1,579,359 to a deficit balance of $2,653,527 from the previous year's deficit balance of $1,074,168.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued) -

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2025	2024	
Property taxes, including penalties	$ 987,458	$ 468,445	$ 519,013
Interest and other revenue	75,043	41,207	33,836
Total Revenues	$ 1,062,501	$ 509,652	$ 552,849
Professional fees	$ 111,518	$ 82,540	$ 28,978
Recurring operating	44,759	22,134	22,625
Developer interest	744,581	456,915	287,666
Debt service	1,515,749	848,511	667,238
Depreciation	225,253	65,270	159,983
Total Expenses	$ 2,641,860	$ 1,475,370	$ 1,166,490
Change in Net Position	$ (1,579,359)	$ (965,718)	$ (613,641)
Beginning Net Position	(1,074,168)	(108,450)	(965,718)
Ending Net Position	$ (2,653,527)	$ (1,074,168)	$ (1,579,359)

Revenues were $1,062,501 for the fiscal year ended September 30, 2025 while expenses were $2,641,860. Net position decreased $1,579,359 for the fiscal year ended September 30, 2025.

Property tax revenues in the current fiscal year totaled $987,458. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2024 tax year (September 30, 2025 fiscal year) were based upon a current assessed value of $134,258,631 and a tax rate of $0.72 per $100 of assessed valuation. Property taxes levied for the 2023 tax year (September 30, 2024 fiscal year) were based upon a current assessed value of $63,833,811 and a tax rate of $0.72 per $100 of assessed valuation.

The tax rate levied is determined after the District's Board of Directors reviews the General Fund budgetary requirements and the debt service requirements of the District. The District's primary revenue sources were property taxes.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2025	2024	2023
Cash and cash equivalents	$ 1,479,906	$ 785,979	$ 15,438
Taxes receivable	5,130	357	299
Other	30,859	24,360	520
Total Assets	$ 1,515,895	$ 810,696	$ 16,257
Liabilities	$ 62,854	$ 24,694	$ 24,707
Total Liabilities	62,854	24,694	24,707
Deferred Inflows of Resources	5,130	357	299
Nonspendable	187	360	520
Restricted	659,317	418,242	-
Unassigned	788,407	367,043	(9,269)
Total Fund Balances	1,447,911	785,645	(8,749)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,515,895	$ 810,696	$ 16,257

As of September 30, 2025, the District's governmental funds reflected a combined fund balance of $1,447,911. For the year ended September 30, 2025, General Fund fund balance increased by $421,191.

The Debt Service Fund reflects a fund balance increase of $96,514 in fiscal year 2025. The Debt Service Fund paid $120,000 of bond principal and $663,276 of bond interest during the current fiscal year. Capitalized interest of $405,850 from the District's Series 2024 unlimited tax bonds was deposited to the Debt Service Fund during the current fiscal year. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund fund balance increased by $144,561 in fiscal year 2025. The District issued $9,900,000 of unlimited tax bonds and used the proceeds to purchase $7,702,468 of infrastructure improvements, reimburse $100,000 of prior operating advances and pay $744,581 of developer interest and $825,928 of bond issuance costs.

CAPITAL ASSETS

The District's governmental activities have invested $11,690,012 in land and utility and road infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2025	9/30/2024
Capital Assets:		
Land	$ 717,879	$ 717,879
Water/Wastewater/Drainage	7,702,468	-
Roads	3,560,188	3,560,188
Less: Accumulated Depreciation	(290,523)	(65,270)
Total Net Capital Assets	$ 11,690,012	$ 4,212,797

More detailed information about the District's capital assets is presented in the *Notes to the Financial Statements*.

LONG TERM DEBT

As of September 30, 2025, the District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2023 Roads	$ 5,705,000
Series 2024	9,900,000
Total	$ 15,605,000

As of September 30, 2025, the District owes approximately $15.6 million to bond holders. The ratio of the District's long term debt to the total 2024 taxable assessed valuation ($134,258,631) is 11.6%. The District's population as provided by the District, as of August 1, 2025, is 3,451. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget on September 26, 2024 for the 2025 fiscal year. The budget included projected revenues of $542,263 as compared to expenditures of $165,260. When comparing actual results to budget, the District had a positive variance of $44,188. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information.*

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The net property tax assessed value for 2025 (September 30, 2026 fiscal year) is approximately $198 million. The fiscal year 2026 tax rate is $0.77 on each $100 of taxable value. Approximately 22% of the property tax will fund general operating activities and 78% will fund debt service on outstanding bonds.

The adopted budget for fiscal year 2026 projects an increase of $50,505 to the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Armbrust & Brown, PLLC, 100 Congress Ave., Suite 1300, Austin, TX 78701.

FINANCIAL STATEMENTS

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash	$ 19,080	$ -	$ -	$ 19,080	$ -	$ 19,080
Cash equivalents	777,837	538,528	144,461	1,460,826	-	1,460,826
Receivables:						
Property taxes	2,937	2,193	-	5,130	-	5,130
Interfund	27,172	-	-	27,172	(27,172)	-
Prepaid expenditures	187	-	3,500	3,687	-	3,687
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	717,879	717,879
Road and road improvements	-	-	-	-	3,423,714	3,423,714
Water, Wastewater and Drainage	-	-	-	-	7,548,419	7,548,419
TOTAL ASSETS	$ 827,213	$ 540,721	$ 147,961	$ 1,515,895	11,662,840	13,178,735
LIABILITIES						
Accounts payable	$ 35,682	$ -	$ -	$ 35,682	-	35,682
Accrued bond interest payable	-	-	-	-	57,628	57,628
Interfund payable	-	23,772	3,400	27,172	(27,172)	-
Bonds payable:						
Due within one year	-	-	-	-	360,000	360,000
Due after one year	-	-	-	-	15,378,952	15,378,952
TOTAL LIABILITIES	35,682	23,772	3,400	62,854	15,769,408	15,832,262
DEFERRED INFLOWS OF RESOURCES						
Property taxes	2,937	2,193	-	5,130	(5,130)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,937	2,193	-	5,130	(5,130)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable	187	-	-	187	(187)	-
Restricted for:						
Debt service	-	514,756	-	514,756	(514,756)	-
Authorized construction	-	-	144,561	144,561	(144,561)	-
Unassigned	788,407	-	-	788,407	(788,407)	-
TOTAL FUND BALANCES	788,594	514,756	144,561	1,447,911	(1,447,911)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 827,213	$ 540,721	$ 147,961	$ 1,515,895		
Net position:						
Net investment in capital assets					(3,904,379)	(3,904,379)
Restricted for debt service					459,321	459,321
Unrestricted					791,531	791,531
TOTAL NET POSITION					$ (2,653,527)	$ (2,653,527)

The accompanying notes are an integral part of this statement.

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 545,122	$ 437,563	$ -	$ 982,685	$ 4,773	$ 987,458
Interest and other	21,479	47,844	5,720	75,043	-	75,043
TOTAL REVENUES	566,601	485,407	5,720	1,057,728	4,773	1,062,501
EXPENDITURES / EXPENSES:						
Current:						
Repairs/maintenance	14,400	-	-	14,400	-	14,400
Director fees, including payroll taxes	5,234	-	-	5,234	-	5,234
Legal fees	31,135	-	-	31,135	-	31,135
Bookkeeping fees	18,440	-	-	18,440	-	18,440
Audit fees	12,750	-	-	12,750	-	12,750
Engineering fees	42,693	-	-	42,693	-	42,693
Financial advisor fees	1,667	4,833	-	6,500	-	6,500
Website maintenance	3,880	-	-	3,880	-	3,880
Insurance	3,450	-	-	3,450	-	3,450
Tax appraisal/collection fees	7,543	6,034	-	13,577	-	13,577
Miscellaneous expenditures	4,218	-	-	4,218	-	4,218
Developer interest	-	-	744,581	744,581	-	744,581
Reimburse prior operating advances	-	-	100,000	100,000	(100,000)	-
Debt service:						
Principal	-	120,000	-	120,000	(120,000)	-
Interest	-	663,276	-	663,276	25,945	689,221
Fiscal agent fees	-	600	-	600	-	600
Bond issuance costs	-	-	825,928	825,928	-	825,928
Capital outlay	-	-	7,702,468	7,702,468	(7,702,468)	-
Depreciation	-	-	-	-	225,253	225,253
TOTAL EXPENDITURES / EXPENSES	145,410	794,743	9,372,977	10,313,130	(7,671,270)	2,641,860
Excess (deficiency) of revenues over (under) expenditures / expenses	421,191	(309,336)	(9,367,257)	(9,255,402)	7,676,043	(1,579,359)
OTHER FINANCING SOURCES:						
Issuance of bonds	-	405,850	9,494,150	9,900,000	(9,900,000)	-
Bond premium	-	-	17,668	17,668	(17,668)	-
TOTAL OTHER FINANCING SOURCES	-	405,850	9,511,818	9,917,668	(9,917,668)	-
NET CHANGE IN FUND BALANCES	421,191	96,514	144,561	662,266	(662,266)	-
CHANGE IN NET POSITION					(1,579,359)	(1,579,359)
FUND BALANCES / NET POSITION:						
Beginning of the year	367,403	418,242	-	785,645	(1,859,813)	(1,074,168)
End of the year	$ 788,594	$ 514,756	$ 144,561	$ 1,447,911	$ (4,101,438)	$ (2,653,527)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - The District was created on September 1, 2019 pursuant to Acts of the 86th Legislature, Regular Session, and codified by Chapter 7888 of the Texas Special District Local Laws Code and in accordance with Article XVI, Section 59 of the Texas Constitution, with the powers and duties provided by Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the "Board") which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by the GASB since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the District's reporting entity. The District's Board held its first meeting on August 13, 2020, and the District was confirmed at an election held on November 3, 2020.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

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

- **Government-Wide Financial Statements:** The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets, including infrastructure.

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

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

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

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

- **Debt Service Fund -** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.

- **Capital Projects Fund -** The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

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

Basis of Accounting

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

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

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

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

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

The District may report unearned revenues on its combined balance sheet. These arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the balance for unearned revenue is removed from the combined balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Budgets and Budgetary Accounting - An unappropriated budget was adopted on September 26, 2024, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the current fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current fiscal year.

Cash and Cash Equivalents - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Comptroller's Investment Pool, are recorded at amortized cost.

Interfund Transactions - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Capital Assets - Capital assets, which include land and easements, roads and road improvements and water, wastewater and drainage facilities are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at their estimated acquisition value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Upon completion of construction, water facilities are conveyed to Crystal Clear Special Utility District, wastewater facilities are conveyed to the City of Seguin, and roads are conveyed to Guadalupe County. The District is entitled to significant residual interest in the assets conveyed and records these conveyed assets as District assets and depreciates them over their estimated useful lives in accordance with GASB Statement No. 94.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Roads and road improvements	50
Water, Wastewater and Drainage Facilities	50

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes within the General Fund and Debt Service Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Long-Term Debt - Unlimited tax bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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

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

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

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

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS

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

Fund Balances - Governmental Funds		$ 1,447,911
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds -		
Capital assets	$ 11,980,535	
Less: Accumulated depreciation	(290,523)	11,690,012
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		5,130
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	$ (15,605,000)	
Bond discounts/premiums, net of accumulated amortization	(133,952)	
Accrued interest payable	(57,628)	(15,796,580)
Net Position - Governmental Activities		$ (2,653,527)

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

Net Change in Fund Balances - Governmental Funds		$ 662,266
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Property tax revenue in year collected	$ 4,773	
Capital outlay in year paid	7,702,468	
Interest expenditures in year paid	(31,767)	
Bond principal in year paid	120,000	
Developer advances in year paid (received)	100,000	
Bond sales and related bond discount/ premium as other financing sources/(uses)	(9,917,668)	(2,022,194)
Governmental funds do not report:		
Depreciation	$ (225,253)	
Amortization of bond discounts/premiums	5,822	(219,431)
Change in Net Position - Governmental Activities		$ (1,579,359)

3. CASH AND CASH EQUIVALENTS

The investment policies of the District are governed by State statute and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash - At September 30, 2025, the carrying amount of the District's deposits was $19,080 and the bank balance was $19,896. The bank balance was fully covered by federal depository insurance.

Cash Equivalents -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or
- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

3. CASH AND CASH EQUIVALENTS (continued) –

At September 30, 2025, the District held the following investments:

		Governmental Funds				
		General	Debt Service	Capital Projects	Investment Rating	
Investment	Fair Value at 9/30/2025	Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
Texpool	$ 1,460,826	$ 777,837	$ 538,528	$ 144,461	AAAm	Standard & Poors
	$ 1,460,826	$ 777,837	$ 538,528	$ 144,461		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2025, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of September 30, 2025, the District's bank deposits were fully insured by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Guadalupe Central Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Guadalupe County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 26, 2024.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2024 tax roll. The tax rate, based on total taxable assessed valuation of $134,258,631 was $0.72 on each $100 valuation and was allocated $0.40 to the General Fund and $0.32 to the Debt Service Fund. The maximum allowable maintenance tax of $1.00 was established by the voters at an election held on November 3, 2020.

Property taxes of $2,937 and $2,193 were uncollected and receivable to the General Fund and Debt Service Fund, respectively, at September 30, 2025.

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

5. INTERFUND ACCOUNTS

A summary of interfund accounts at September 30, 2025, is as follows:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	$ 23,772	$ -
Capital Projects Fund	3,400	-
Debt Service Fund -		
General Fund	-	23,772
Capital Projects Fund -		
General Fund	-	3,400
	$ 27,172	$ 27,172

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2024	Additions	Deletions	Balance 9/30/2025
Capital assets not being depreciated-				
Land and easements	$ 717,879	$ -	$ -	$ 717,879
Capital assets being depreciated:				
Water, wastewater and drainage	-	7,702,468	-	7,702,468
Roads and road improvements	3,560,188	-	-	3,560,188
Total capital assets being depreciated	3,560,188	7,702,468	-	11,262,656
Less accumulated depreciation for:				
Water, wastewater and drainage	-	(154,049)	-	(154,049)
Roads and road improvements	(65,270)	(71,204)	-	(136,474)
Total accumulated depreciation	(65,270)	(225,253)	-	(290,523)
Total capital assets being depreciated, net of accumulated depreciation	3,494,918	7,477,215	-	10,972,133
Total capital assets, net	$ 4,212,797	$ 7,477,215	$ -	$ 11,690,012

7. BONDED DEBT

The following is a summary of the District's bond transactions for the year ended September 30, 2025:

	Unlimited Tax and Revenue Bonds
Bonds payable at October 1, 2024	$ 5,825,000
Bonds issued	9,900,000
Bonds retired	(120,000)
Bond premiums/discounts, net of accumulated amortization	133,952
Bonds payable at September 30, 2025	$ 15,738,952

Bonds payable at September 30, 2025 were comprised of the following individual issues:

Unlimited Tax Road Bonds -

$5,705,000 - 2023 Unlimited Tax Road Bonds payable serially through the year 2048 at interest rates which range from 5.25% to 7.75%. Bonds maturing on or after September 1, 2030 are callable prior to maturity beginning on September 1, 2029.

Unlimited Tax Bonds -

$9,900,000 - 2024 Unlimited Tax Road Bonds payable serially through the year 2049 at interest rates which range from 4.00% to 5.00%. Bonds maturing on or after September 1, 2031 are callable prior to maturity beginning on September 1, 2030. Bonds maturing September 1, 2042 are term bonds and are subject to mandatory sinking fund redemption.

On October 29, 2024, the District issued $9,900,000 of Unlimited Tax Bonds, Series 2024, with interest rates ranging from 4.00% to 5.00%. The net proceeds of $9,091,639 (after payment of the underwriting fees and other issuance costs) were used to finance developer funded water and wastewater construction costs and connection fees, reimburse prior operating advances, fund future interest payments on the bonds and pay subsequent bond issue costs.

7. BONDED DEBT (continued) -

The annual requirements to amortize all bonded debt as of September 30, 2025, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2026	$ 360,000	$ 719,362	$ 1,079,362
2027	375,000	697,788	1,072,788
2028	395,000	675,326	1,070,326
2029	415,000	651,588	1,066,588
2030	435,000	626,712	1,061,712
2031-2035	2,550,000	2,820,062	5,370,062
2036-2040	3,245,000	2,191,202	5,436,202
2041-2045	4,145,000	1,387,212	5,532,212
2046-2049	3,685,000	382,712	4,067,712
	$ 15,605,000	$ 10,151,964	$ 25,756,964

Bonds authorized but not issued as of September 30, 2025, are as follows:

Type	Amount
Unlimited Tax Bonds	$ 471,100,000
Road Bonds	$ 168,175,000

8. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District has incurred costs for construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality. On November 3, 2020, a bond election held within the District approved authorization to issue $481,000,000 of bonds to fund costs for water, wastewater and drainage system facilities and $174,000,000 of road improvements. As of September 30, 2025, the District has issued $5,825,000 of unlimited tax road bonds to reimburse the developer for District roads and road improvements and has issued $9,900,000 of unlimited tax bonds to reimburse the developer for District infrastructure improvements.

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

10. SUBSEQUENT EVENT

On November 4, 2025, the District issued $7,400,000 of Unlimited Tax Bonds, Series 2025A, and $3,000,000 of Unlimited Tax Road Bonds, Series 2025B, the proceeds of which were used to reimburse the Developer for District water, wastewater and drainage infrastructure and road improvements, finance future interest due on the bonds and fund bond issuance costs. The bonds were issued at interest rates ranging from 4.00% to 6.50% with principal maturities through September 1, 2050.

REQUIRED SUPPLEMENTARY INFORMATION

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	$ 545,122	$ 542,263	2,859
Interest and other	21,479	-	21,479
TOTAL REVENUES	$ 566,601	$ 542,263	24,338
EXPENDITURES:			
Current:			
Drainage maintenance	$ 14,400	$ 22,000	$ 7,600
Director fees, including payroll taxes	5,234	14,460	9,226
Legal fees	31,135	42,000	10,865
Bookkeeping fees	18,440	21,000	2,560
Audit fees	12,750	12,000	(750)
Engineering fees	42,693	30,000	(12,693)
Financial advisor fees	1,667	3,000	1,333
Website maintenance	3,880	1,800	(2,080)
Insurance	3,450	4,000	550
Tax appraisal/collection fees	7,543	6,500	(1,043)
Public notice	-	2,500	2,500
Miscellaneous expenditures	4,218	6,000	1,782
TOTAL EXPENDITURES	$ 145,410	$ 165,260	$ 19,850
NET CHANGE IN FUND BALANCE	$ 421,191	$ 377,003	$ 44,188
FUND BALANCE:			
Beginning of the year	367,403		
End of the year	$ 788,594		

TEXAS SUPPLEMENTARY INFORMATION

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2025

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	(1)	(1)	(1)	(1)	(1)
SURCHARGE:	(1)	(1)	(1)	(1)	(1)

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

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

b. Water and Wastewater Retail Connections:

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

(1) The City of Seguin, Texas provides wastewater service to District residents, and Crystal Clear Special Utility District provides water service to District residents.

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (continued)
SEPTEMBER 30, 2025

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

Gallons pumped into system: (1)

Gallons billed to customers: (1)

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
N/A

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

Does the District assess standby fees? Yes ☐ No ☒

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

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

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

5. Location of District

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

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

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

City(ies) in which district is located: N/A

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: City of New Braunfels, TX

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? _____

(1) The City of Seguin, Texas provides wastewater service to District residents, and Crystal Clear Special Utility District provides water service to District residents.

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2025

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	12,750
Legal	31,135
Engineering	42,693
Financial Advisor	1,667
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	18,440
General Manager	-
Appraisal District/Tax Collector	7,543
Other Contracted Services	-
Utilities	-
Repairs and Maintenance	14,400
Chemicals	-
Administrative Expenditures:	
Directors' Fees	5,234
Office Supplies	-
Website Maintenance	3,880
Insurance	3,450
Other Administrative Expenditures	4,218
Capital Outlay:	
Capitalized Assets	-
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	$ 145,410

Number of persons employed by the District: - Full-Time - Part-Time

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
TexPool	XXX0001	Varies	Daily	$ 777,837	$ -
Total				777,837	-
Debt Service Fund -					
TexPool	XXX0002	Varies	Daily	30,064	-
TexPool	XXX0007	Varies	Daily	430,732	-
TexPool	XXX0005	Varies	Daily	77,732	-
Total				538,528	-
Capital Projects Fund:					
TexPool	XXX0006	Varies	Daily	144,461	$ -
Total				144,461	$ -
Total - All Funds				$ 1,460,826	$ -

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2025

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	$ 357	$ -
2024 Original Tax Levy, less abatements	530,674	424,539
Adjustments - Current Year	15,905	12,724
Adjustments - Prior Year	(162)	-
Total to be accounted for	$ 546,774	$ 437,263
Tax collections:		
Current year	$ 543,837	$ 435,070
Prior years (including rollbacks)	-	-
Total collections	$ 543,837	$ 435,070
Taxes Receivable, End of Year	$ 2,937	$ 2,193
Taxes Receivable, By Years		
2023 and before	$ 195	$ -
2024	2,742	2,193
Taxes Receivable, End of Year	$ 2,937	$ 2,193

Property Valuations:	**2024** (a)	2023 (a)	2022 (a)
Land and improvements	**$ 134,258,631**	$ 63,833,811	$ 6,810,843
Total Property Valuations	**$ 134,258,631**	$ 63,833,811	$ 6,810,843
Tax Rates per $100 Valuation:			
Debt Service tax rates	**$ 0.32**	$ -	$ -
Maintenance tax rates	**0.40**	0.72	0.72
Total Tax Rates per $100 Valuation:	**$ 0.72**	$ 0.72	$ 0.72
Original Tax Levy	**$ 983,842**	459,603	49,038
Percent of Taxes Collected to Taxes Levied *	**99.5%**	99.9%	100.0%

Maximum Tax Rate Approved by Voters:	**$ 1.00**	**11/3/2020**

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

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

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2025

	Unlimited Tax Bonds Series 2023			Unlimited Tax Bonds Series 2024			Total - All Issues		
Fiscal Year Ending	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2026	$ 130,000	$ 313,512	$ 443,512	$ 230,000	$ 405,850	$ 635,850	$ 360,000	$ 719,362	$ 1,079,362
2027	135,000	303,438	438,438	240,000	394,350	634,350	375,000	697,788	1,072,788
2028	145,000	292,976	437,976	250,000	382,350	632,350	395,000	675,326	1,070,326
2029	150,000	281,738	431,738	265,000	369,850	634,850	415,000	651,588	1,066,588
2030	160,000	270,112	430,112	275,000	356,600	631,600	435,000	626,712	1,061,712
2031	170,000	261,712	431,712	290,000	345,600	635,600	460,000	607,312	1,067,312
2032	180,000	252,788	432,788	305,000	334,000	639,000	485,000	586,788	1,071,788
2033	190,000	243,338	433,338	320,000	321,800	641,800	510,000	565,138	1,075,138
2034	200,000	233,362	433,362	335,000	309,000	644,000	535,000	542,362	1,077,362
2035	210,000	222,862	432,862	350,000	295,600	645,600	560,000	518,462	1,078,462
2036	220,000	211,838	431,838	365,000	281,600	646,600	585,000	493,438	1,078,438
2037	235,000	200,288	435,288	385,000	267,000	652,000	620,000	467,288	1,087,288
2038	245,000	187,950	432,950	400,000	251,600	651,600	645,000	439,550	1,084,550
2039	260,000	175,088	435,088	420,000	235,600	655,600	680,000	410,688	1,090,688
2040	275,000	161,438	436,438	440,000	218,800	658,800	715,000	380,238	1,095,238
2041	290,000	147,000	437,000	460,000	201,200	661,200	750,000	348,200	1,098,200
2042	305,000	131,776	436,776	485,000	182,800	667,800	790,000	314,576	1,104,576
2043	320,000	115,762	435,762	505,000	163,400	668,400	825,000	279,162	1,104,162
2044	340,000	98,962	438,962	530,000	143,200	673,200	870,000	242,162	1,112,162
2045	355,000	81,112	436,112	555,000	122,000	677,000	910,000	203,112	1,113,112
2046	375,000	62,474	437,474	580,000	99,800	679,800	955,000	162,274	1,117,274
2047	395,000	42,788	437,788	610,000	76,600	686,600	1,005,000	119,388	1,124,388
2048	420,000	22,050	442,050	635,000	52,200	687,200	1,055,000	74,250	1,129,250
2049	-	-	-	670,000	26,800	696,800	670,000	26,800	696,800
	$ 5,705,000	$ 4,314,364	$ 10,019,364	$ 9,900,000	$ 5,837,600	$ 15,737,600	$ 15,605,000	$ 10,151,964	$ 25,756,964

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2025

	Bond Issue 2023	Bond Issue 2024	Total
Interest Rate	5.25% - 7.75%	4.00% - 5.00%	
Dates Interest Payable	3/1 ; 9/1	3/1 ; 9/1	
Maturity Dates	9/1/2048	9/1/2049	
Bonds Outstanding at Beginning of Current Fiscal Year	$ 5,825,000	$ -	$ 5,825,000
Bonds Sold During the Current Fiscal Year	-	9,900,000	9,900,000
Retirements During the Current Fiscal Year:			
Principal	(120,000)	-	(120,000)
Refunded	-	-	-
Bonds Outstanding at End of Current Fiscal Year	$ 5,705,000	$ 9,900,000	$ 15,605,000
Interest Paid During the Current Fiscal Year	$ 322,813	$ 340,463	$ 663,276
Paying Agent's Name & Address:	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	

Bond Authority:	Unlimited Tax Bonds*	Road Bonds*	Refunding Bonds*	Refunding Road Bonds*
Amount Authorized by Voters	$ 481,000,000	$ 174,000,000	$ 721,500,000	$ 261,000,000
Amount Issued	9,900,000	5,825,000	-	-
Remaining To Be Issued	$ 471,100,000	$ 168,175,000	$ 721,500,000	$ 261,000,000

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2025: $ 538,528

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: $ 1,073,207

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS
SEPTEMBER 30, 2025

	Amounts					Percent of Fund Total Revenues				
	2025	2024	2023	2022	2021 *	**2025**	2024	2023	2022	2021 *
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES:										
Property taxes, including penalties	**$ 545,122**	$ 468,387	$ 56,111	$ 949	$ -	**96.2%**	97.4%	100.0%	1.9%	-
Interest and other	**21,479**	12,439	-	-	-	**3.8%**	2.6%	-	-	-
Developer advances	**-**	-	-	50,000	50,000	-	-	-	98.1%	100.0%
TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES	**$ 566,601**	$ 480,826	$ 56,111	$ 50,949	$ 50,000	**100.0%**	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Director fees, including payroll taxes	**$ 5,234**	$ 7,137	$ 3,025	$ 3,364	$ 4,871	**0.9%**	1.5%	5.4%	6.6%	9.7%
Repair/maintenance	**14,400**	-	-	-	-	**2.5%**	-	-	-	-
Legal fees	**31,135**	30,547	14,229	29,293	19,754	**5.5%**	6.4%	25.3%	57.5%	39.5%
Bookkeeping fees	**18,440**	16,725	6,500	5,500	5,000	**3.3%**	3.5%	11.6%	10.8%	10.0%
Audit fees	**12,750**	9,750	9,250	-	-	**2.3%**	2.0%	0	-	-
Engineering fees	**42,693**	25,518	20,745	8,098	6,789	**7.6%**	5.3%	37.0%	15.9%	13.6%
Financial advisor fee	**1,667**	-	-	-	-	**0.3%**	-	-	-	-
Website maintenance	**3,880**	610	510	525	425	**0.7%**	0.1%	0.9%	1.0%	0.9%
Insurance	**3,450**	3,410	1,449	1,449	1,673	**0.6%**	0.7%	2.6%	2.9%	3.3%
Tax appraisal/collection fees	**7,543**	6,584	774	12	-	**1.3%**	1.4%	1%	-	-
Election fees	**-**	-	-	-	500	-	-	-	-	1.0%
Other	**55**	55	55	55	748	-	-	0.1%	0.1%	1.5%
Bank fees	**4,163**	4,338	3,211	2,195	-	**0.7%**	0.9%	5.7%	4.3%	-
TOTAL GENERAL FUND EXPENDITURES	**$ 145,410**	$ 104,674	$ 59,748	$ 50,491	$ 39,760	**25.7%**	21.8%	106.5%	99.1%	79.5%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	**$ 421,191**	$ 376,152	$ (3,637)	$ 458	$ 10,240	**74.3%**	78.2%	-6.5%	0.9%	20.5%
DEBT SERVICE FUND REVENUES AND OTHER FINANCING SOURCES:										
Interest	**$ 47,844**	$ 28,768	**$ -**	**$ -**	**$ -**	**5.4%**	4.3%	N/A	N/A	N/A
Property taxes, including penalties	**437,563**	-	-	-	-	**49.1%**	-	N/A	N/A	N/A
Issuance of bonds	**405,850**	640,750	-	-	-	**45.5%**	95.7%	N/A	N/A	N/A
TOTAL DEBT SERVICE FUND REVENUES AND OTHER FINANCING SOURCES	**891,257**	669,518	-	-	-	**100.0%**	100.0%	N/A	N/A	N/A
DEBT SERVICE FUND EXPENDITURES:										
Bond interest	**$ 663,276**	$ 251,076	**$ -**	**$ -**	**$ -**	**74.4%**	37.5%	N/A	N/A	N/A
Bond principal	**120,000**	-	-	-	-	**13.5%**	-	N/A	N/A	N/A
Other expenditures	**11,467**	200	-	-	-	**1.3%**	-	N/A	N/A	N/A
TOTAL DEBT SERVICE FUND EXPENDITURES	**$ 794,743**	$ 251,276	**$ -**	**$ -**	**$ -**	**89.2%**	37.5%	N/A	N/A	N/A
EXCESS OF DEBT SERVICE FUND REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	**$ 96,514**	$ 418,242	**$ -**	**$ -**	**$ -**	**10.8%**	62.5%	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS (1)	-	-	-	-	-					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS (1)	-	-	-	-	-					

* - Unaudited

(1) The City of Seguin, Texas provides wastewater service to District residents, and Crystal Clear Special Utility District provides water service to District residents.

LONE OAK FARM MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

Complete District Mailing Address:	100 Congress Avenue, Suite 1300 Austin, TX 78701
District Business Telephone Number:	(512) 435 - 2300
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	August 26, 2024
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2025	Expense Reimbursements 9/30/2025	Title at Year End
Board Members:				
ERIKA RAMON	(Elected) 5/7/2022 - 5/2/2026	$ 884	$ -	President
IVANA TOLL	(Appointed) 8/26/2024 - 5/6/2028	$ 663	$ -	Vice-President
KYLE HACKETT	(Appointed) 9/19/2022 - 5/2/2026	$ 1,105	$ -	Secretary
PATRICK LYNCH	(Elected) 5/4/2024 - 5/6/2028	$ 1,105	$ -	Assistant Secretary
AARON NEUMANN	(Elected) 5/4/2024 - 5/6/2028	$ 1,105	$ -	Assistant Secretary
Consultants:				
McLean & Howard LLP	8/13/2020	$ 22,936	$ -	Attorney
		$ 134,000	$ -	Bond Related Services
Jones-Heroy & Associates, Inc.	8/13/2020	$ 36,239	$ -	Engineer
		$ 63,934	$ -	Bond Related Services
Masterson Advisors LLC	2/16/2025	$ 3,500	$ -	Financial Advisor
Specialized Public Finance, Inc.	11/10/2020	$ 3,000	$ -	Former Financial Advisor
		$ 231,299	$ -	Bond Related Services
Bott & Douthitt, PLLC	8/13/2020	$ 16,940	$ -	District Accountant
McCall, Parkhurst & Horton LLP		$ 29,800	$ -	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	8/30/2023	$ 12,750	$ -	Auditor
		$ 15,500		Bond Related Services
Guadalupe County Tax Assessor-Collector	3/30/2021	$ 331	$ -	Tax Collector

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

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

SPECIMEN