MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

(Ellis County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: SEPTEMBER 14, 2026

$7,615,000

UNLIMITED TAX UTILITY BONDS

SERIES 2026

BIDS TO BE SUBMITTED BY:

9:30 A.M., CENTRAL TIME

WEDNESDAY, OCTOBER 14, 2026

BONDS TO BE OPENED:

12:00 P.M., CENTRAL TIME

WEDNESDAY, OCTOBER 14, 2026

CEDAR CREEK
MUNICIPAL ADVISORS

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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2026

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

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

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

NEW ISSUE – Book Entry Only **NOT RATED**

MIDLOTHIAN MUNICIPAL MANAGEMNENT DISTRICT NO. 2
(A political subdivision of the State of Texas, located within Ellis County)

$7,615,000
UNLIMITED TAX UTILITY BONDS
SERIES 2026

Dated: November 1, 2026 **Due: September 1, as shown on inside cover page**

Interest Accrues: Delivery Date

The $7,615,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"), are obligations of Midlothian Municipal Management District No. 2 (the "District") and are not obligations of the State of Texas; Ellis County, Texas (the "County"); the City of Midlothian, Texas (the "City"); or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by BOKF, NA, Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Principal of the Bonds is payable to the registered owner(s) of the Bonds at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. The Bonds are dated November 1, 2026, and interest on the Bonds accrues from the initial date of delivery (on or about November 10, 2026) (the "Delivery Date"), and is payable on March 1, 2027, and each September 1 and March 1 (each an "Interest Payment Date") thereafter until maturity or prior redemption to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds are issuable in principal denominations of $5,000 or any integral multiple thereof in fully registered form only.

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on inside cover.

The Bonds constitute the second series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"). The District has previously issued two series of bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). Voters of the District authorized the issuance of the following: $151,060,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, $229,560,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. Following the issuance of the Bonds, $216,915,000 principal amount of unlimited tax bonds for Road System purposes, $133,585,000 principal amount of unlimited tax bonds for Utility System purposes, $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System will remain authorized but unissued. See "THE BONDS—Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. Investment in the Bonds is subject to certain risk factors as described herein. See "RISK FACTORS" herein.

The Bonds are offered, when, as and if issued by the District to the winning bidder of the Bonds (the "Initial Purchaser") subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about November 10, 2026.

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

$7,615,000 Unlimited Tax Utility Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 59785U (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 59785U (b)
2028	$155,000	___%	___%	___	2040 (c)	$300,000	___%	___%	___
2029	165,000	___%	___%	___	2041 (c)	320,000	___%	___%	___
2030	175,000	___%	___%	___	2042 (c)	340,000	___%	___%	___
2031	185,000	___%	___%	___	2043 (c)	360,000	___%	___%	___
2032	195,000	___%	___%	___	2044 (c)	380,000	___%	___%	___
2033 (c)	205,000	___%	___%	___	2045 (c)	400,000	___%	___%	___
2034 (c)	215,000	___%	___%	___	2046 (c)	425,000	___%	___%	___
2035 (c)	230,000	___%	___%	___	2047 (c)	450,000	___%	___%	___
2036 (c)	240,000	___%	___%	___	2048 (c)	475,000	___%	___%	___
2037 (c)	255,000	___%	___%	___	2049 (c)	500,000	___%	___%	___
2038 (c)	270,000	___%	___%	___	2050 (c)	530,000	___%	___%	___
2039 (c)	285,000	___%	___%	___	2051 (c)	560,000	___%	___%	___

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

(b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on September 1, 2033, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on November 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

This Official Statement does not constitute and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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, orders, contracts, records, and 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 Coats Rose, P.C. ("Bond Counsel") for further information.

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 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, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT—Updating of Official Statement."

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

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APPENDIX A Financial Statements of the District

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by _____ (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover page of this Official Statement, at a price of _____% of the principal amount thereof, which resulted in a net effective interest rate of _____%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER–ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

MUNICIPAL BOND INSURANCE

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

RATINGS

The District has not made an application for an underlying rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade underlying rating on the Bonds.

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OFFICIAL STATEMENT SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The District	Midlothian Municipal Management District No. 2 (the "District"), a political subdivision of the State of Texas, is located within the corporate limits of the City of Midlothian, Texas (the "City") in Ellis County, Texas (the "County"). See "THE DISTRICT."
The Bonds	The District is issuing its $7,615,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"). The Bonds are dated November 1, 2026 and mature on September 1 in each of the years and principal amounts set forth on the inside cover page. Interest accrues from the initial date of delivery (expected to be on or about November 10, 2026) (the "Delivery Date"), at the rates per annum set forth on the inside cover page and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS – General."
Redemption Provisions	The Bonds maturing on and after September 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District, on November 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District, without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the City; or any entity other than the District. See "THE BONDS – Source of Payment."
TIRZ Agreement	Effective April 27, 2021, the District entered into an agreement (the "TIRZ Agreement") with the City and the Developers (defined herein) whereby the District agreed to participate in Reinvestment Zone Number Three, City of Midlothian, Texas (the "TIRZ"). The TIRZ Agreement provides for the City to rebate $0.195 per $100 of assessed valuation of the District's captured appraised value on all taxable property within the District back to the District (the "Rebate"). The captured appraised value of real property taxable by the District for a year is the total appraised value of all real property taxable by the District and located in the TIRZ for that year less the

total appraised value of all real property taxable by the District and located in the TIRZ in the year in which the TIRZ was designated as such under Chapter 311 of the Texas Tax Code (the "TIRZ Act"). The boundaries of the TIRZ and the District are currently coterminous. Pursuant to the TIRZ Agreement, the Rebate may be used by the District to pay off the District's bonded indebtedness, for the design and construction of, and any debt service related to, the Walnut Grove Road Project, and paying for any on or off project site traffic mitigation improvements recommended by the final Traffic Impact Analysis associated with the project, but only to the extent that such traffic mitigation costs are not paid from the issuance of bonds. While the District intends to use the Rebate to pay debt service on the Bonds, the Rebate is **not** pledged to the payment of debt service on the Bonds. See "THE BONDS – TIRZ Agreement."

Authority for Issuance..... The Bonds are issued pursuant to (i) an order by the Texas Commission on Environmental Quality (the "TCEQ"); (ii) an order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); (iii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended; (iv) Chapter 375 of the Local Government Code; and (v) an election held within the District on May 1, 2021.

Voted Authorization..... At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of $151,060,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the water, sewer, and drainage facilities to serve the District (the "Utility System"); $229,560,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System"); $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

Outstanding Bonds ..... The District has previously issued three (3) series of bonds, as follows: $9,860,000 Unlimited Tax Utility Bonds, Series 2024, $3,920,000 Unlimited Tax Road Bonds, Series 2024 and $8,725,000 Unlimited Tax Road Bonds, Series 2025. Of the above-referenced bonds issued by the District, $22,185,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

Payment Record..... The District has never defaulted on the timely payment of principal of and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."

Use of Proceeds of the Bonds..... A portion of the proceeds of the Bonds will be used to reimburse Knox Street 28 (herein defined) for the Utility System improvements and related engineering and land costs as shown herein under "THE BONDS –Use and Distribution of Bond Proceeds." Additionally, proceeds from the Bonds will be used to pay developer interest, six (6) months of capitalized interest, and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Qualified Tax-Exempt Obligations	The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and the payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, will be at the option and expense of the Initial Purchaser.
Ratings	The District has not made an application for an underlying rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade underlying rating on the Bonds.
Bond Counsel	Coats Rose, P.C., Dallas, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Irving, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.
District Engineer	LJA Engineering, Inc., Dallas, Texas.

THE DISTRICT

Description	The District was created by House Bill 3852 of the 82nd Legislature of the State of Texas, June 17, 2011, Regular Session, codified as Chapter 3911 of the Texas Special District Local Laws Code. The District was created as a Municipal Management District under Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates under Chapter 375 of the Texas Local Government Code, and Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT – General."
Location	The District is located in Ellis County, approximately 23 miles southwest of downtown Dallas. The District is bounded by U.S. Route 287 to the southwest and is located entirely within the corporate limits of the City of Midlothian. The District is located partially within the Waxahachie Independent School District and partially within Midlothian Independent School District.
The Developers	*Knox Street 28 and HPC Bridgewater:* Knox Street Partners No. 28 Ltd. ("Knox Street 28"), a Texas limited partnership and an affiliate of Hanover Property Company, LLC ("HPC"), a Texas limited liability corporation, is a single purpose entity created for the purpose of purchasing and owning, as an investment, land within the District. Knox Street 28 initially purchased all of the land within the District, approximately 966.365 acres. To date, Knox Street 28 continues to own approximately 624.721 acres within the District. Knox Street 28 has retained all rights to reimbursement from proceeds of bonds issued by the District. HPC Bridgewater Development Corporation ("HPC Bridgewater"), a Texas corporation, also an affiliate of HPC, was created for the sole purpose of purchasing land for development within the District. In June 2021, HPC Bridgewater purchased approximately 108.110 acres from Knox Street 28, on which it has developed 340 lots as Bridgewater, Phase 1A and approximately 155.342 acres on which it has developed 343 lots as Bridgewater, Phase 2A. As of September

30, 2026, HPC Bridgewater continues to own 204 vacant developed lots.

Tri Pointe DFW: In June 2021, ResCal Bridgewater 282 LLC ("ResCal Bridgewater"), a Delaware limited liability company, purchased approximately 69.488 acres of land within the District from Knox Street 28. Pursuant to a Joint Operating Agreement between ResCal Bridgewater and Tri Pointe Homes DFW, LLC, a Texas limited liability company ("Tri Pointe DFW"), ResCal Bridgewater purchased such land within the District for the purpose of holding such land and delivering finished lots to Tri Pointe DFW pursuant to a takedown schedule agreed to by the parties. To date, ResCal Bridgewater has developed 284 single-family lots as Bridgwater, Phases 1B and 2B, on which Tri Pointe DFW will be the only homebuilder. HPC has been engaged as fee developer and manages the construction on behalf of Tri Pointe DFW. As of June 30, 2026, Tri Pointe DFW continues to own 111 vacant developed lots within the District. Tri Pointe DFW is a subsidiary of Tri Pointe Homes Inc, a Delaware corporation ("Tri Pointe").

Tri Pointe Homes, Inc., is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "TPH." Audited financial statements for Tri Pointe Homes, Inc. can be found online at https://investors.tripointehomes.com. Tri Pointe 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 Tri Pointe 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.

Knox Street 28, HPC Bridgewater, and Tri Pointe DFW are collectively referred to herein as the "Developers." See "THE DEVELOPERS."

Status of Development..... The District consists of approximately 966.365 total acres. To date, approximately 334.453 acres have been developed as 967 single-family lots within Bridgewater Phase 1A, Phase 1B, Phase 2A and Phase 2B. As of September 30, 2026, the District included approximately 478 completed homes (approximately 459 occupied, 12 unoccupied, and 7 model homes); approximately 102 homes under construction; and approximately 387 vacant developed lots.

The remaining land in the District includes approximately 354.954 acres planned for development as additional single-family residential sections; approximately 28.837 acres on which an elementary school will be constructed; approximately 15.620 acres on which an amenity center will be constructed; approximately 67.875 acres that are planned for development as multi-use and commercial properties; and approximately 164.626 acres that are undevelopable.

. See “DEVELOPMENT OF THE DISTRICT.”

Homebuilders	The homebuilders currently active in the District are American Legend Homes, Highland Homes, Perry Homes, J. Houston Homes, and Tri Pointe Homes. New homes being constructed in the District range in price from approximately $370,000 to $800,000 and range in size from approximately 1,800 square feet to 5,000 square feet. See “DEVELOPMENT OF THE DISTRICT – Homebuilders within the District.”

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “RISK FACTORS,” BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Taxable Assessed Valuation	$ 213,915,022	(a)
Estimate of Value as of July 1, 2026	$ 274,360,243	(b)
Direct Debt:		
The Outstanding Bonds	$ 22,185,000	
The Bonds	$ 7,615,000	
Total	$ 29,800,000	
Estimated Overlapping Debt	$ 15,517,383	(c)
Total Direct and Estimated Overlapping Debt	$ 45,317,383	(c)
Direct Debt Ratios:		
As a percentage of 2026 Taxable Assessed Valuation	13.93 %	
As a percentage of Estimate of Value as of July 1, 2026	10.84 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2026 Taxable Assessed Valuation	21.18 %	
As a percentage of Estimate of Value as of July 1, 2026	16.47 %	
Road System Debt Service Fund Balance (as of September 14, 2026)	$ 590,056	(d)
Utility System Debt Service Fund Balance (as of September 14, 2026)	$ 517,312	(e)
General Operating Fund Balance (as of September 14, 2026)	$ 291,703	(f)
2026 Tax Rate		
Utility System Debt Service	$0.3130	
Road System Debt Service	$0.2270	
Maintenance & Operation	$0.0600	
Total	$0.6000	(g)
Estimated Average Annual Debt Service Requirement (2027-2051)	$ 2,016,453	(h)
Estimated Maximum Annual Debt Service Requirement (2049)	$ 2,188,825	(h)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027-2051)		
Based on 2026 Taxable Assessed Valuation	$ 1.00	
Based on Estimate of Value as of July 1, 2026	$ 0.78	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2049)		
Based on 2026 Taxable Assessed Valuation	$ 1.08	
Based on Estimate of Value as of July 1, 2026	$ 0.84	

(a) Represents the certified assessed valuation of all taxable property in the District as of January 1, 2026, as provided by the Ellis County Appraisal District (the "ECAD").

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

(c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Road System Debt Service Fund (hereinafter defined). Funds in the Road System Debt Service Fund are pledged only to pay the debt service on bonds previously issued for the Road System and any other bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined). Funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined), including the Bonds.

(e) Six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund (hereinafter defined) upon closing of the Bonds. Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Utility System Debt Service Fund (hereinafter defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds, bonds previously issued for the Utility System and any other bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined). Funds in the Utility System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined).

(f) See "RISK FACTORS – Operating Funds."

(g) See "TAX DATA – Tax Rate Distribution."

(h) Debt service on the Bonds is estimated assuming an interest rate of 5.75%. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule."

OFFICIAL STATEMENT

relating to

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

(a political subdivision of the State of Texas, located within Ellis County)

$7,615,000
UNLIMITED TAX UTILITY BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Midlothian Municipal Management District No. 2 (the "District") of its $7,615,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) an order by the Texas Commission on Environmental Quality (the "TCEQ"); (ii) an order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); (iii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended; (iv) Chapter 375 of the Local Government Code; and (v) an election held within the District on May 1, 2021.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order. This Official Statement also includes information about the District, the Developers (hereinafter defined), and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Ellis County, Texas (the "County"); the City of Midlothian, Texas (the "City"); or any political subdivision other than the District. The Bonds are secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located within the District. See "THE BONDS – Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential, commercial, retail and multi-family housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Credit Markets and Liquidity in Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly on short-term interest rates at which developers are able to obtain financing for development costs.

Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 23 miles from the central downtown business district of the City of Dallas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Dallas metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of Dallas and the nation could adversely affect development plans in the District and restrain the growth of the District's property tax base.

Competition: The demand for and construction of single-family homes in the District could be affected by competition from other residential developments, including other residential developments located in the northern portion of the Dallas area market. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of a builder in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District.

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District.

Dependence on Major Taxpayers and the Developers: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's top ten principal taxpayers as of January 1, 2026, owned approximately 14.77% of the assessed value of property located in the District. In addition, the Developers owned a total of approximately 9.45% of the assessed value of property located in the District as of January 1, 2026. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers or (ii) less concentrated in property owned by a relatively small number of property owners than it is currently. Failure by the Developers or one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements, the availability of which is uncertain. See "RISK FACTORS – Tax Collections and Foreclosure Remedies" below and "THE DEVELOPERS" herein.

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

Developers Under No Obligation to the District: The Developers have informed the District of their current plans to continue to develop land in the District for residential purposes. However, the Developers are not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developers should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, or any other subsequent landowners to whom a party 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 Developers' right to sell their 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 Developers. Failure to construct taxable improvements on developed lots and tracts and failure of the Developers to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such conditions may have on their ability to pay taxes. See "THE DEVELOPERS" and "DEVELOPMENT OF THE DISTRICT."

Maximum Impact on District Tax Rate: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2026 Taxable Assessed Valuation of all taxable property located within the District is $213,915,022 and the Estimate of Value as of July 1, 2026, is $274,360,243. See "TAX DATA." After issuance of the Bonds, the estimated maximum annual debt service requirement on the Bonds and the Outstanding Bonds (2049) is $2,188,825, and the estimated average annual debt service requirement on the Bonds and the Outstanding Bonds (2027-2051) is $2,016,453. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, combined debt service tax rates of $1.08 and $1.00 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of July 1, 2026, combined debt

service tax rates of $0.84 and $0.78 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule" and "TAX DATA – Tax Rate Calculations."

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of property within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

Vacant Developed Lots

As of September 30, 2026, approximately 387 developed lots within the District remained available for construction. Failure of the Developers and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Increase in Costs of Building Materials

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

Operating Funds

The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District levied a 2026 maintenance tax of $0.0600 per $100 of assessed valuation. The District's general fund balance as of September 14, 2026 was $291,703. The revenue produced from a $0.0600 maintenance tax in 2026 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developers and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming, and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, 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, by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within six (6) months of foreclosure unless the property is his residence homestead or designated for agricultural use, in which case the taxpayer may redeem the property within two years of foreclosure). 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. The District's lien on taxable property within the District for taxes levied against such property can be foreclosed only in a judicial proceeding.

Registered Owners' Remedies

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 of the Bonds (the "Registered Owners") have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

Notwithstanding noncompliance by the 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 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 proceeds 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 Owners' claim.

If the 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 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.

The District may not be placed into bankruptcy involuntarily.

Future Debt

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of $151,060,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System"); $229,560,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System"); $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

Following the issuance of the Bonds, $216,915,000 principal amount of unlimited tax bonds for the Road System; $133,585,000 principal amount of unlimited tax bonds for the Utility System; $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Utility System; and

$344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Road System will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developers approximately $3,618,000 for the current expenditures related to the construction of the Road System and $21,549,000 for the current expenditures related to the Utility System on behalf of the District.

Based on present engineering costs estimates and on development plans supplied by the Developers, in the opinion of the Engineer (hereinafter defined), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developers for the existing facilities.

All of the remaining bonds that have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such bonds for the Utility System is subject to the prior approval of the TCEQ; however; the District's issuance of bonds for the Road System, including the Bonds, is not subject to approval of the TCEQ.

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Marketability of the Bonds

The District has no understanding with the winning bidders for the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

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 Dallas-Fort Worth area. Under the Clean Air Act ("CAA") Amendments of 1990, a ten-county Dallas-Fort Worth area ("2008 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a "severe" nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area ("2015 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties has been designated a "serious" nonattainment are under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of August 3, 2027.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the 2008 and 2015 DFW Areas 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 area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the area's economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. 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 non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

Potential Impact of Natural Disaster

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

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.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

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.

The 90th Texas Legislature

The regular session of the 90th Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The District cannot predict the likelihood of legislative property tax reform at the legislative level or the impacts therefrom, if implemented.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The purchase of such insurance, if available, will be at the option and expense of the Initial Purchaser. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Insurance Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the provider of the policy, if any (the "Bond Insurer"), at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Insurance Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a

number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE."

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon request to Coats Rose, P.C., Dallas, Texas, Bond Counsel. 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.

Description

The Bonds are dated November 1, 2026, with interest payable on March 1, 2027, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on September 1 of the years and in the amounts shown on the inside cover page of the Official Statement and interest on the Bonds accrues from the initial date of delivery (on or about November 10, 2026) (the "Delivery Date"), and thereafter from the most recent Interest Payment Date to which interest has been paid.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" below.

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the DTC Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Successor Paying Agent/Registrar

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

Record Date

The record date for payment of the interest on any regularly scheduled Interest Payment Date is defined as the 15th day of the month (whether or not a business day) preceding such Interest Payment Date.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Bonds to be

cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be of the same series and in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Outstanding Bonds

The District has previously issued three (3) series of bonds, as follows: $9,860,000 Unlimited Tax Utility Bonds, Series 2024, $3,920,000 Unlimited Tax Road Bonds, Series 2024 and $8,725,000 Unlimited Tax Road Bonds, Series 2025. Of the above-referenced bonds issued by the District, $22,185,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

Redemption Provisions

Bonds maturing on September 1, 2033, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on November 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Source of Payment

The Bonds are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the City; or any political subdivision or entity other than the District.

TIRZ Agreement

Effective April 27, 2021, the District entered into an agreement (the "TIRZ Agreement") with the City and the Developers, whereby the District agreed to participate in the Reinvestment Zone Number Three, City of Midlothian, Texas (the "TIRZ"). The TIRZ Agreement provides for the City to rebate $0.195 per $100 of assessed valuation of the captured appraised value on all taxable property within the District back to the District (the "Rebate"). The captured appraised value of real property taxable by the District for a year is the total appraised value of all real property taxable by the District and located in the TIRZ for that year less the total appraised value of all real property taxable by the District and located in the TIRZ in the year in which the TIRZ was designated as such under Chapter 311 of the Texas Tax Code (the "TIRZ Act"). The boundaries of the TIRZ and the District are currently coterminous. Pursuant to the TIRZ Agreement, the Rebate may be used by the District to pay off the District's bonded indebtedness, for the design and construction of, and any debt service related to, the Walnut Grove Road Project, and paying for any on or off project site traffic mitigation improvements

recommended by the final Traffic Impact Analysis associated with the project, but only to the extent that such traffic mitigation costs are not paid from the issuance of bonds.

The base value of the District is $113,390. Based on the District's 2026 Taxable Assessed Valuation of $213,915,022, the captured appraised value within the District for the 2026 tax year is $213,801,632 ($213,915,022 - $113,390 = $213,801,632). The District expects to receive a rebate for the 2026 tax year of approximately $416,913 ([$213,801,632 ÷ 100] x $0.195 = $416,913) that is expected to be used to pay a portion of the debt service on the Bonds but is **not** pledged to the payment of debt service on the Bonds. No representation can be made as to the City's future tax rates and the impact they would have on the anticipated Rebate. See "RISK FACTORS."

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place or payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge amounts sufficient to provide for payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book-entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Registered Owners' Remedies

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 right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

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

Authority for Issuance

The Bonds are issued pursuant to (i) an order by the TCEQ; (ii) the Bond Order; (iii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended; (iv) Chapter 375 of the Local Government Code; and (v) an election held within the District on May 1, 2021.

Issuance of Additional Debt

The Bonds constitute the second series of unlimited tax bonds issued by the District for the Utility System. The District has previously issued two series of unlimited tax bonds for the Road System. At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of $151,060,000 principal amount of unlimited tax bonds for the Utility System; $229,560,000 principal amount of unlimited tax bonds for the purpose of the Road System; $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

Following the issuance of the Bonds, $216,915,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $133,585,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System; $226,590,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Utility System; and $344,340,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Road System, will remain authorized but unissued. According to the Engineer the remaining bonds authorized will be sufficient to fully finance the reimbursable costs to fully develop the District.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developers approximately $3,618,000 for the current expenditures related to the construction of the Road System and $21,549,000 for the current expenditures related to the Utility System on behalf of the District.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Bonds issued for water, sewer, and drainage purposes are required to be approved by the TCEQ.

The amount of bonds issued and the remaining authorized but unissued bonds following the issuance of the Bonds are summarized below:

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
May 1, 2021	Utility System	$ 151,060,000	$ 17,475,000 [(a)]	$ 133,585,000
May 1, 2021	Road System	229,560,000	12,645,000	216,915,000
May 1, 2021	Utility System Refunding	226,590,000	–	226,590,000
May 1, 2021	Road System Refunding	344,340,000	–	344,340,000

(a) Includes the Bonds.

No Arbitrage

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

Funds

The Bond Order confirms the District's fund for debt service on the Outstanding Bonds issued for the Utility System, the Bonds, and any additional unlimited tax bonds issued for the Utility System (the "Utility System Debt Service Fund"). Upon closing of the Bonds, six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds issued for the Utility System, the Bonds, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Utility System, the Bonds, and any additional unlimited tax bonds issued by the District for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System, the Bonds, and any unlimited tax bonds issued by the District for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

The District fund for debt service on the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). The Road System Debt Service Fund constitutes a trust fund for the benefit of the owners of the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds issued by the District for the Road System, and is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Road System and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Road System and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System, such as the Bonds.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code, and is applicable to the District:

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees,

and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse Knox Street 28 (defined herein) for a portion of the construction costs set out below. Proceeds of the Bonds will also be used to pay developer interest, pay six (6) months of capitalized interest, and certain other costs associated with the issuance of the Bonds.

Construction Costs		**District's Share**
A.	Bridgewater Phase 1B- W, WW, &D	$ 249,415
B.	Bridgewater Phase 2B- W, WW, &D	2,773,783
C.	Bridgewater Phase 2A- W, WW, &D	3,013,673
Total Construction Costs		**$** 6,036,871
Non-Construction Costs		
A.	Legal Fees	$ 192,300
B.	Fiscal Agent Fees	152,300
C.	Interest	
	1. Capitalized Interest (6 Months)	190,375
	2. Developer Interest	675,318
D.	Bond Discount (3.00%)	228,450
E.	Bond Engineering Fee	62,500
F.	Bond Issuance Expenses	50,233
G.	Attorney General's Fee	7,615
H.	TCEQ Bond Issuance Fee	19,038
Total Non-Construction Costs		**$** 1,578,129
TOTAL BOND ISSUE REQUIREMENT		**$ 7,615,000**

Non-construction costs are based upon either contract amounts or various cost estimates by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Auditor.

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

THE DISTRICT

General

The District was created by House Bill 3852 of the 82nd Legislature of the State of Texas, June 17, 2011, Regular Session, codified as Chapter 3911 of the Texas Special District Local Laws Code. The District was created as a Municipal Management District under Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates under Chapter 375 of the Texas Local Government Code, and Chapters 49 and 54 of the Texas Water Code, as amended. The District, which lies wholly within the corporate limits of the City, is subject to the continuing supervisory jurisdiction of the TCEQ with respect to water, sewer, and drainage facilities.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to purchase, construct, operate and maintain certain road improvements, recreational facilities, and fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the City and the voters of the District. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. See "THE BONDS – Issuance of Additional Debt."

Location of the District

The District is located in Ellis County, approximately 23 miles southwest of downtown Dallas. The District is bounded by U.S. Route 287 to the southwest and is located entirely within the corporate limits of the City of Midlothian. The District is located partially within the Waxahachie Independent School District and partially within Midlothian Independent School District.

Management of the District

The District is governed by the Board, which consists of five directors and has control over, management, and supervision of all affairs of the District. All directors serve four-year staggered terms, and are appointed by the City:

Name	Position	Term Expires May
Brian Hall (a)	President	2028
Ben Luedtke (a)	Vice President	2030
Danny Rodgers	Secretary	2028
VACANT	Assistant Secretary	2028
Dick LeBlanc (a)	Assistant Secretary	2030

(a) The following members of the Board are principal stakeholders of the Hanover Property Group, the controlling entity of Knox Street 28 and HPC Bridgewater.

Investment Policy

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

Consultants

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

Bond Counsel and General Counsel: The District has engaged Coats Rose, P.C., Dallas, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

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

Financial Advisor: Cedar Creek Municipal Advisors, LLC serves as the District's financial advisor (the "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. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Tax Assessor/Collector: The tax assessor/collector for the District is Richard Rozier, the Ellis County Tax Assessor/Collector (the "Tax Assessor/Collector").

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

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended June 30, 2026. The District's audited financial statements are attached as "APPENDIX A" to this Official Statement.

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

Historical Operations of the District

The following is a summary of the District's Operating Fund. The figures for the fiscal years ending June 30 in the years 2023 through 2025, were obtained from the District's annual financial reports, reference to which is hereby made. The amounts shown for 2026 were obtained from the District's Bookkeeper and are unaudited. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ending June 30			
	2026 (a)	2025	2024	2023
REVENUES:				
Property Taxes	$ 226,324	$ 374,810	$ 224,243	$ 28,357
Interest Income	7,540	10,736	1,444	–
TOTAL REVENUES	$ 233,864	$ 385,546	$ 225,687	$ 28,357
EXPENDITURES:				
Professional Fees	$ 81,536	$ 76,217	$ 58,710	$ 31,929
Contract Services	32,938	15,142	4,427	2,344
Other	6,325	38,705	6,222	5,849
Capital Outlay	7,498	–	–	–
TOTAL EXPENDITURES	$ 128,297	$ 130,064	$ 69,359	$ 40,122
Excess (Deficiency) of Revenues Over Expenditures	$ 105,567	$ 255,482	$ 156,328	$ (11,765)
OTHER FINANCING SOURCES:				
Developer Advances	$ –	$ –	$ 97,000	$ 23,000
Beginning Fund Balance	$ 504,781	$ 249,299	$ (4,029)	$ (15,264)
Ending Fund Balance	$ 610,348	$ 504,781	$ 249,299	$ (4,029)

(a) Unaudited.

DEVELOPMENT OF THE DISTRICT

Status of Development within the District

The District consists of approximately 966.365 total acres. To date, approximately 334.453 acres have been developed as 967 single-family lots within Bridgewater Phase 1A, Phase 1B, Phase 2A and Phase 2B. As of September 30, 2026, the District included approximately 478 completed homes (approximately 459 occupied, 12 unoccupied, and 7 model homes); approximately 102 homes under construction; and approximately 387 vacant developed lots.

The remaining land in the District includes approximately 354.954 acres planned for development as additional single-family residential sections; approximately 28.837 acres on which an elementary school will be constructed; approximately 15.620 acres on which an amenity center will be constructed; approximately 67.875 acres that are planned for development as multi-use and commercial properties; and approximately 164.626 acres that are undevelopable.

The table below summarizes the status of development and land use within the District as of September 30, 2026.

Subdivision	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Bridgewater, Phase 1A	108.110	340	310	1	29
Bridgewater, Phase 1B	35.797	135	112	2	21
Bridgewater, Phase 2A	155.342	343	7	77	259
Bridgewater, Phase 2B	35.204	149	49	22	78
Totals	334.453	967	478	102	387

Remaining Residential Developable	354.954
Remaining Commercial Developable	67.875
School Site	28.837
Amenity Center	15.620
Undevelopable	164.626
District Total	966.365

Homebuilders within the District

The homebuilders currently active in the District are American Legend Homes, Highland Homes, Perry Homes, J. Houston Homes, and Tri Pointe Homes. New homes being constructed in the District range in price from approximately $370,000 to approximately $800,000 and in size from approximately 1,800 square feet to approximately 5,000 square feet.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2026)










PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2026)










THE DEVELOPERS

The Role of a Developers

In general, the activities of a landowner or developer in a district, such as the District, include the following: acquiring the land within the district, designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

Prospective Bond purchasers should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

None of the Developers, or any affiliate entities, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers or their affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Description of the Developers

Knox Street 28 and HPC Bridgewater: Knox Street Partners No. 28 Ltd. ("Knox Street 28"), a Texas limited partnership and an affiliate of Hanover Property Company, LLC ("HPC"), a Texas limited liability corporation, is a single purpose entity created for the purpose of purchasing and owning, as an investment, land within the District. Knox Street 28 initially purchased all of the land within the District, approximately 966.365 acres. To date, Knox Street 28 continues to own approximately 624.721 acres within the District. Knox Street 28 has retained all rights to reimbursement.

HPC Bridgewater Development Corporation ("HPC Bridgewater"), a Texas corporation, also an affiliate of HPC, was created for the sole purpose of purchasing land for development within the District. In June 2021, HPC Bridgewater purchased approximately 108.110 acres from Knox Street 28, on which it has developed 340 lots as Bridgewater, Phase 1A and approximately 155.342 acres on which it has developed 343 lots as Bridgewater, Phase 2A. As of September 30, 2026, HPC Bridgewater continues to own 204 vacant developed lots.

Tri Pointe DFW: In June 2021, ResCal Bridgewater 282 LLC ("ResCal Bridgewater"), a Delaware limited liability company, purchased approximately 69.488 acres of land within the District from Knox Street 28. Pursuant to a Joint Operating Agreement between ResCal Bridgewater and Tri Pointe Homes DFW, LLC, a Texas limited liability company ("Tri Pointe DFW"), ResCal Bridgewater purchased such land within the District for the purpose of holding such land and delivering finished lots to Tri Pointe DFW pursuant to a takedown schedule agreed to by the parties. To date, ResCal Bridgewater has developed 284 single-family lots as Bridgewater, Phases 1B and 2B, on which Tri Pointe DFW will be the only homebuilder. HPC has been engaged as fee developer and manages the construction on behalf of Tri Pointe DFW. As of September 30, 2026, Tri Pointe DFW continues to own 111 vacant developed lots within the District. Tri Pointe DFW is a subsidiary of Tri Pointe Homes Inc, a Delaware corporation ("Tri Pointe").

Tri Pointe Homes, Inc., is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "TPH." Audited financial statements for Tri Pointe Homes, Inc. can be found online at https://investors.tripointehomes.com. Tri Pointe 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 Tri Pointe 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.

Knox Street 28, HPC Bridgewater, and Tri Pointe DFW are collectively referred to herein as the "Developers."

Development Financing

Knox Street 28 has obtained financing for a portion of the development of Bridgewater through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $33,940,000 Texas Infrastructure Program Tax-Exempt Revenue Anticipation Bonds (Bridgewater Project), Series 2024 (the "PFA Bonds"), which are secured in part by the sale and assignment of Knox Street 28's right to receive proceeds from the future sale of unlimited tax bonds issued by the District, including the Bonds. According to Knox Street 28, they are currently in compliance with all material representations and certifications made with respect to the PFA Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS – Approval of the Bonds."

Lot Sales Contracts

HPC Bridgewater has entered into lot or land sales contracts with each of American Legend Homes, Highland Homes, Perry Homes, J. Houston Homes, and Tri Pointe Homes. The contracts for the sale of lots between HPC Bridgewater and the builders require that earnest money be released to HPC Bridgewater upon closing of a development loan. The builders collectively made earnest money deposits of $11,944,800 associated with the Phase 2 lot contracts. The sales contracts establish certain required lot purchases quarterly on a semi-annual basis, with the earnest money deposit being returned to the builders on a pro rata basis. HPC Bridgewater sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, which as of September 30, 2026 was approximately $6,923,700 associated with the phase 2 lot contracts.

According to HPC Bridgewater, each of the builders is in compliance with their respective lot sale contracts. As of September 30, 2026, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
American Legend Homes	148	55
Highland Homes	50	25
Perry Homes	82	37
J. Houston Homes	63	24
Tri Pointe Homes	–	–
Totals	343	141

Construction and Reimbursement Agreements

The District is a party to agreements for the construction and purchase of facilities and reimbursement for costs and amendment thereto with the Developers, which define the conditions under which the District will issue additional bonds to reimburse the Developers for the water, wastewater, drainage and roadway facilities within and outside the District. Under the terms of the agreements, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District's obligation to issue bonds and reimburse the Developers for funds advanced for facilities is subject to various conditions, including approval of such facilities and bonds by the TCEQ, as required by the rules of the TCEQ, approval of the bonds by the Attorney General of Texas, and the recommendation of the District's financial advisor that the sale of the bonds is feasible and prudent.

THE ROAD SYSTEM

The District's Road System has and will be funded with proceeds of the bonds issued for the Road System, as well as future bonds issued by the District for acquiring or constructing the Road System. See "RISK FACTORS – Future Debt" and "THE BONDS – Issuance of Additional Debt." Construction of the District's roads is subject to certain regulations by the City and the Texas Department of Transportation. The roads in the District are constructed with reinforced concrete pavement with curbs on cement or lime-stabilized subgrade. Remaining streets provide local interior service within the District. The District's road facilities will, upon completion, be conveyed to the City and will be maintained by the City. The Road System also includes streetlights, landscape, and irrigation. Public utilities such as water, wastewater, and storm drainage are typically located within street rights-of-way.

THE UTILITY SYSTEM

Regulation

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

Description of the Utility System

Water Supply

Pursuant to the Amended and Restated Development Agreement and Finance Plan dated December 30, 2019 the District is located in its entirety within the City's incorporated limits and the City will at all times be the designated retail water provider for all land within the District, and the District will have no right to provide such retail services or enter into one or more agreements with any third party to provide such retail water services without the consent of the City. The City will provide sufficient water capacity to serve the District's ultimate development.

Wastewater Treatment

Pursuant to the Amended and Restated Development Agreement and Finance Plan dated December 30, 2019 the District is located in its entirety within the City's incorporated limits and the City will at all times be the designated retail sanitary sewer provider for all land within the District, and the District will have no right to provide such retail services or enter into one or more agreements with any third party to provide such retail sanitary sewer services without the consent of the City. The City will provide sufficient wastewater capacity to serve the District's ultimate development.

The District is served by the Mountain Creek Regional Wastewater Treatment Plant that is owned and operated by the Trinity River Authority of Texas. The treatment plant can currently treat 4.5 MGD and is under construction to expand its capacity to 6 MGD.

Drainage

The Districts stormwater runoff drains into a system of underground storm sewers and outfalls at various points into tributaries of North Prong Creek.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the "100-year flood plain", is depicted on these maps. The 100-year flood plain as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

Approximately 165 acres within the District lie within the FEMA 100-year flood plain. None of such acreage will be used for development.

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 interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

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DISTRICT DEBT

2026 Taxable Assessed Valuation	$ 213,915,022	(a)
Estimate of Value as of July 1, 2026	$ 274,360,243	(b)
Direct Debt:		
The Outstanding Bonds	$ 22,185,000	
The Bonds	$ 7,615,000	
Total	$ 29,800,000	
Estimated Overlapping Debt	$ 15,517,383	(c)
Total Direct and Estimated Overlapping Debt	$ 45,317,383	(c)
Direct Debt Ratios:		
As a percentage of 2026 Taxable Assessed Valuation	13.93 %	
As a percentage of Estimate of Value as of July 1, 2026	10.84 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2026 Taxable Assessed Valuation	21.18 %	
As a percentage of Estimate of Value as of July 1, 2026	16.47 %	
Road System Debt Service Fund Balance (as of September 14, 2026)	$ 590,056	(d)
Utility System Debt Service Fund Balance (as of September 14, 2026)	$ 517,312	(e)
General Operating Fund Balance (as of September 14, 2026)	$ 291,703	(f)
2026 Tax Rate		
Utility System Debt Service	$0.3130	
Road System Debt Service	$0.2270	
Maintenance & Operation	$0.0600	
Total	$0.6000	(g)
Estimated Average Annual Debt Service Requirement (2027-2051)	$ 2,016,453	(h)
Estimated Maximum Annual Debt Service Requirement (2049)	$ 2,188,825	(h)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027-2051)		
Based on 2026 Taxable Assessed Valuation	$ 1.00	
Based on Estimate of Value as of July 1, 2026	$ 0.78	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2049)		
Based on 2026 Taxable Assessed Valuation	$ 1.08	
Based on Estimate of Value as of July 1, 2026	$ 0.84	

(a) Represents the certified assessed valuation of all taxable property in the District as of January 1, 2026, as provided by the Ellis County Appraisal District (the "ECAD").

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

(c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Road System Debt Service Fund (hereinafter defined). Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the bonds previously issued for the Road System and any other bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined). Funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined), including the Bonds.

(e) Six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund (hereinafter defined) upon closing of the Bonds. Neither Texas law nor the Bond Order (hereinafter defined) require that the District maintain any particular sum in the Utility System Debt Service Fund (hereinafter defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds, bonds previously issued for the Utility System and any other bonds issued for the purpose of acquiring or constructing the Utility System (hereinafter defined). Funds in the Utility System Debt Service Fund are not pledged to pay debt service on bonds issued for the purpose of acquiring or constructing the Road System (hereinafter defined).

(f) See "RISK FACTORS – Operating Funds."

(g) See "TAX DATA – Tax Rate Distribution."

(h) Debt service on the Bonds is estimated assuming an interest rate of 5.75%. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule."

Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2026 Taxable Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	8/31/2026	Percent	Amount
Ellis County	$ 18,535,000	0.59%	$ 109,314
City of Midlothian	179,421,590	2.59%	4,653,444
Waxahachie Independent School District	662,385,000	0.79%	5,202,724
Midlothian Independent School District	444,305,000	1.25%	5,551,901
Total Estimated Overlapping Debt			$15,517,383
Direct Debt (a)			$29,800,000
Total Direct and Estimated Overlapping Debt			$45,317,383

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

Direct Debt Ratio (a):	
As a percentage of the 2026 Taxable Assessed Valuation	13.93 %
As a percentage of the Estimate of Value as of July 1, 2026	10.84 %
Direct and Estimated Overlapping Debt Ratio (a):	
As a percentage of the 2026 Taxable Assessed Valuation	21.18 %
As a percentage of the Estimate of Value as of July 1, 2026	16.47 %

(a) Includes the Bonds and the Outstanding Bonds.

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Estimated Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements for the Outstanding Bonds, as well as principal and estimated interest requirements for the Bonds, assuming the Bonds are issued at an interest rate of 5.75%. Totals may not sum due to rounding.

		The Bonds			
Calendar Year	Outstanding Debt Service	Principal	Interest	Debt Service	Total Debt Service
2027	$ 1,522,031	$ –	$ 353,939	$ 353,939	$ 1,875,970
2028	1,513,069	155,000	437,863	592,863	2,105,931
2029	1,507,506	165,000	428,950	593,950	2,101,456
2030	1,495,019	175,000	419,463	594,463	2,089,481
2031	1,490,369	185,000	409,400	594,400	2,084,769
2032	1,482,631	195,000	398,763	593,763	2,076,394
2033	1,484,581	205,000	387,550	592,550	2,077,131
2034	1,486,381	215,000	375,763	590,763	2,077,144
2035	1,496,981	230,000	363,400	593,400	2,090,381
2036	1,505,981	240,000	350,175	590,175	2,096,156
2037	1,508,381	255,000	336,375	591,375	2,099,756
2038	1,519,381	270,000	321,713	591,713	2,111,094
2039	1,523,581	285,000	306,188	591,188	2,114,769
2040	1,536,181	300,000	289,800	589,800	2,125,981
2041	1,546,319	320,000	272,550	592,550	2,138,869
2042	1,548,944	340,000	254,150	594,150	2,143,094
2043	1,558,881	360,000	234,600	594,600	2,153,481
2044	1,565,988	380,000	213,900	593,900	2,159,888
2045	1,569,850	400,000	192,050	592,050	2,161,900
2046	1,575,763	425,000	169,050	594,050	2,169,813
2047	1,579,063	450,000	144,613	594,613	2,173,675
2048	1,589,750	475,000	118,738	593,738	2,183,488
2049	1,597,400	500,000	91,425	591,425	2,188,825
2050	627,000	530,000	62,675	592,675	1,219,675
2051	–	560,000	32,200	592,200	592,200
Total	$ 35,831,031	$7,615,000	$ 6,965,289	$ 14,580,289	$ 50,411,320

Average Annual Debt Service Requirements (2027-2051).....$2,016,453

Maximum Annual Debt Service Requirements (2049).....$2,188,825

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TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of constructing or acquiring the Road System or Utility System (see "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District has heretofore or may hereafter issue for the purpose of acquiring or constructing the Utility System (see "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water, wastewater and drainage system and road system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

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

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

is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled or over 65 exemptions.

Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District has not adopted a general homestead exemption.

Freeport Goods Exemption and "Goods-in-Transit": 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 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.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

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

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

District and Taxpayer Remedies

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

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, Texas law provides for an additional notice and, upon petition by qualified voters, an election which could result in the repeal of certain tax rate increases on residential homesteads. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased

property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Tax Abatement

The City and/or the County may designate all or part of the area within the District as a reinvestment zone. The District, at the option and discretion of the District, and the County and/or City 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 jurisdiction.

The District has agreed to participate in the Reinvestment Zone Number Three, City of Midlothian, Texas pursuant to the terms of the TIRZ Agreement. See "THE BONDS – TIRZ Agreement." The District expects to receive a Rebate of approximately $0.195 per $100 of assessed valuation annually during the term of the TIRZ Agreement that is expected to be used to pay debt service on the Bonds but is not pledged to the payment of debt service on the Bonds.

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 date of delinquency may be postponed if the tax bills are mailed after January 1. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

Reappraisal of Property after 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 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'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 each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. 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. 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. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS – Tax Collection Limitations" and "– Registered Owners' Remedies."

Tax Payment Installments After Disaster

The Property Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

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 1/4th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) 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 municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate

pursuant to Chapter 49 is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District: A determination as to the District's status as a Special Taxing Unit, Developed District or Developing District is made on an annual basis. For the 2026 tax year, the District was classified 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.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds for the purpose of acquiring or constructing the Utility System or Road System that may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. The District levied

a total tax of $0.60 per $100 of assessed valuation for the 2026 tax year, composed of $0.0600 for maintenance and operations, $0.2270 for road debt service, and $0.3130 for utility debt service.

Tax Rate Limitation

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2022 – 2026 tax years:

Tax Year	Adjusted Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 8/31/2026
2022 [(a)]	$ 4,606,644	$ 0.600	$ 27,640	100.00%	2023	100.00%
2023	28,955,598	0.600	173,734	100.00	2024	100.00
2024	85,880,860	0.600	513,305	99.98	2025	99.99
2025	173,892,269	0.600	1,043,354	99.60	2026	99.60
2026	213,915,022	0.600	1,283,490	(b)	2027	(b)

(a) The District levied its first tax rate for the 2022 tax year.
(b) In process of collections. Taxes for the 2026 tax year are due without penalty by January 31, 2027.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Road System Debt Service	$0.2270	$0.2980	$0.1000	$0.0000	$0.0000
Utility System Debt Service	0.3130	0.2320	0.1000	0.0000	0.0000
Maintenance	0.0600	0.0700	0.4000	0.6000	0.6000
Total	$0.6000	$0.6000	$0.6000	$0.6000	$0.6000

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the 2022–2026 tax years by type of property.

Type of Property	2026 Assessed Taxable Valuation	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation
Land	$ 73,323,862	$71,026,219	$49,014,773	$41,309,473	$12,803,911
Improvements	174,478,574	129,685,914	52,017,490	2,830	–
Personal Property	400,881	99,914	81,204	–	–
Exemptions	(34,288,295)	(26,919,778)	(15,562,607)	(12,356,705)	(8,197,267)
Total	$213,915,022	$173,892,269	$85,880,860	$28,955,598	$ 4,606,644

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2026:

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of 2026 Value
Tri Pointe Homes DFW LLC (a)(b)	Land & Improvements	$ 16,847,732	7.88%
HPC Bridgewater Development (a)	Land & Improvements	3,373,472	1.58%
American Legend Homes LLC (b)	Land & Improvements	3,301,896	1.54%
J. Houston Homes LLC (b)	Land & Improvements	2,871,821	1.34%
JHH Properties LLC	Land & Improvements	1,318,400	0.62%
Homeowner	Land & Improvements	849,337	0.40%
Homeowner	Land & Improvements	781,684	0.37%
Homeowner	Land & Improvements	772,000	0.36%
Homeowner	Land & Improvements	745,000	0.35%
Homeowner	Land & Improvements	733,000	0.34%
Total		$ 31,594,342	14.77%

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds, if no growth in the District's tax base occurs beyond the 2026 Taxable Assessed Valuation ($213,915,022) or the Estimate of Value as of July 1, 2026 ($274,360,243). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027-2051) $2,016,453
Combined Debt Service Tax Rate of $1.00 on the 2026 Taxable Assessed Valuation produces $2,032,193
Combined Debt Service Tax Rate of $0.78 on the Estimate of Value as of July 1, 2026, produces $2,033,009

Maximum Annual Debt Service Requirement (2049) $2,188,825
Combined Debt Service Tax Rate of $1.08 on the 2026 Taxable Assessed Valuation produces $2,194,768
Combined Debt Service Tax Rate of $0.84 on the Estimate of Value as of July 1, 2026, produces $2,189,395

The District anticipates that a portion of the debt service on the Bonds will be paid with the Rebate pursuant to the TIRZ Agreement. The District expects to receive a Rebate of approximately $0.195 per $100 of assessed valuation that is expected to be used to pay debt service on the Bonds. See "THE BONDS – TIRZ Agreement."

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2026 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	District Property within Waxahachie ISD	District Property within Midlothian ISD
The District	$0.600000	$0.600000
Ellis County	0.255787	0.255787
Ellis County Lateral Road	0.017713	0.017713
City of Midlothian	0.640000	0.640000
Waxahachie Independent School District	1.154500	---
Midlothian Independent School District	---	1.029690
Total Tax Rate	$ 2.668000	$2.543190

LEGAL MATTERS

Legal Opinions

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 an annual ad valorem tax levied without 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 Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally 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 bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel.

Coats Rose, P.C., Dallas, Texas, serves as Bond Counsel and General Counsel to the District. The legal fees paid to Bond Counsel, Disclosure Counsel, and General Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity 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 subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of

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

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

Bond Counsel's 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. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Registered Owners 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 be 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 Bond, 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 are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for

purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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 of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of 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 Law, which is 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and 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.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner thereof. In addition, interest expense incurred by certain owners that are "financial institutions" within the meaning of such section and which is allocable to tax-exempt obligations acquired after August 7, 1986, is completely disallowed as a deduction for taxable years beginning after December 31, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions and allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as "qualified tax-exempt obligations." An issue

may be designated as "qualified tax-exempt obligations" only where the amount of such issue, when added to all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The District will, pursuant to the Bond Order, designate the Bonds as "qualified tax-exempt obligations" and certify its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the 100 percent disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, 20 percent of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds would not be deductible pursuant to Section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

As required by Rule 15c2-12, and in the Bond Order, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, audited financial statements and timely notice of specified material events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system for such purpose.

Annual Reports

The District will provide certain financial information and operating data to annually to the MSRB. 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 "DISTRICT DEBT" (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A."

The District will update and provide this information to the MSRB through its EMMA system within six months after the end of each of its fiscal years 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 updated information will include audited financials if it 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 shall provide unaudited financial statements within such period and audited financial statements when the audit report on such statements becomes 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 regulations.

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 District's current fiscal year end is June 30. Accordingly, it must provide updated information by December 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 events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt 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 SEC Rule 15c2-12; (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 District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

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

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders 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 to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The District has complied in all material respects with its continuing disclosure obligations made in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developers, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the year ended June 30, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

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

The information contained in this Official Statement relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled "THE BONDS", "THE DISTRICT," "DEVELOPMENT OF THE DISTRICT," and "THE UTILITY SYSTEM" and "THE ROAD SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the respective Initial Purchaser a certificate, executed by the authorized members of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly approved by the Board of Directors of the District as of the date specified on the first page hereof.

Updating of Official Statement

The District will 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, to the other matters described in the Official Statement, until the delivery of the Bonds to the Initial Purchaser, unless the respective Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of

time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Midlothian Municipal Management District No. 2 as of the date shown on the cover page hereof.

/s/ _____
Brian Hall
President, Board of Directors
Midlothian Municipal Management District No. 2

ATTEST:

/s/ _____
Ben Luedtke
Secretary, Board of Directors
Midlothian Municipal Management District No. 2

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

ELLIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Midlothian Municipal Management District No. 2
Ellis County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Midlothian Municipal Management District No. 2 (the "District") as of and for the year ended June 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 June 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

October 15, 2025

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of the financial performance of Midlothian Municipal Management District No. 2 provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, professional fees, contracted services, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

FUND FINANCIAL STATEMENTS (Continued)

The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information required by the Texas Commission on Environmental Quality.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $3,683,795 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets which include roads as well as the water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 2,357,642	$ 281,418	$ 2,076,224
Capital Assets (Net of Accumulated Depreciation)	23,004,618	17,843,931	5,160,687
Total Assets	$ 25,362,260	$ 18,125,349	$ 7,236,911
Due to Developer	$ 14,961,922	$ 14,167,303	$ (794,619)
Bonds Payable	13,829,795		(13,829,795)
BAN Payable		4,660,000	4,660,000
Other Liabilities	254,338	143,092	(111,246)
Total Liabilities	$ 29,046,055	$ 18,970,395	$ (10,075,660)
Net Position:			
Net Investment in Capital Assets	$ (4,685,081)	$ (898,845)	$ (3,786,236)
Restricted	689,216		689,216
Unrestricted	312,070	53,799	258,271
Total Net Position	$ (3,683,795)	$ (845,046)	$ (2,838,749)

The following table provides a summary of the District's operations for the year ended June 30, 2025, and June 30, 2024:

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 503,465	$ 224,243	$ 279,222
Other Revenues	59,102	1,711	57,391
Total Revenues	$ 562,567	$ 225,954	$ 336,613
Total Expenses	3,401,316	780,727	(2,620,589)
Change in Net Position	$ (2,838,749)	$ (554,773)	$ (2,283,976)
Net Position, Beginning of Year	(845,046)	(290,273)	(554,773)
Net Position, End of Year	$ (3,683,795)	$ (845,046)	$ (2,838,749)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, were $2,302,954, an increase of $6,701,656 from the prior year.

The General Fund fund balance increased by $255,482, primarily due to property tax revenues exceeding professional fees, contracted services, and administrative costs paid during the current fiscal year.

The Debt Service Fund fund balance increased by $891,655, primarily due to the receipt of capitalized interest from the sale of Series 2024 Road Bonds and Series 2024 Utility Bonds as well as the structure of the outstanding debt.

The Capital Projects Fund fund balance increased by $5,554,519, primarily due to the issuance of Series 2024 Road Bonds and Series 2024 Utility Bonds which were, in part, used to retire the Series 2024 BAN which created a deficit in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted a budget for the General Fund for the current fiscal year. Actual revenues were $54,492 lower than budgeted revenues and actual expenditures were $68,564 higher than budgeted expenditures which resulted in a negative budget to actual variance of $123,056. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets include roads as well as the water, wastewater and drainage facilities as summarized in the table below. See Note 11 for information related to bond sales in the current fiscal year which were used to acquire capital assets.

Capital Assets At Year-End

	2025	2024	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Water System	$ 4,128,147	$ 2,970,343	$ 1,157,804
Wastewater System	4,535,388	3,304,539	1,230,849
Drainage System	3,603,355	2,396,210	1,207,145
Roads	12,005,769	9,850,244	2,155,525
Less Accumulated Depreciation	(1,268,041)	(677,405)	(590,636)
Total Net Capital Assets	$ 23,004,618	$ 17,843,931	$ 5,160,687

LONG-TERM DEBT

At the end of the current fiscal year, the District had total long-term debt payable of $13,780,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2024	$ - 0 -
Add: Bond Sales	13,780,000
Bond Debt Payable, June 30, 2025	$ 13,780,000

The District's bonds do not carry an underlying rating. The District's bond carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Midlothian Municipal Management District No. 2, c/o Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350, Dallas, Texas 75248.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 380,669	$ 1,043,336
Property Taxes Receivable	2,789	930
Due from Other Funds	151,681	
Prepaid Costs	23,400	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 558,539	$ 1,044,266
LIABILITIES		
Accounts Payable	$ 50,969	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		151,681
Long-Term Liabilities:		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 50,969	$ 151,681
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 2,789	$ 930
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 23,400	$
Restricted for Authorized Construction		
Restricted for Debt Service		891,655
Unassigned	481,381	
TOTAL FUND BALANCES	$ 504,781	$ 891,655
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 558,539	$ 1,044,266
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 906,518	$ 2,330,523	$	$ 2,330,523
	3,719		3,719
	151,681	(151,681)	
	23,400		23,400
		23,004,618	23,004,618
$ 906,518	$ 2,509,323	$ 22,852,937	$ 25,362,260
$	$ 50,969	$	$ 50,969
		203,369	203,369
		14,961,922	14,961,922
	151,681	(151,681)	
		13,829,795	13,829,795
$ -0-	$ 202,650	$ 28,843,405	$ 29,046,055
$ -0-	$ 3,719	$ (3,719)	$ -0-
$	$ 23,400	$ (23,400)	$
906,518	906,518	(906,518)	
	891,655	(891,655)	
	481,381	(481,381)	
$ 906,518	$ 2,302,954	$ (2,302,954)	$ -0-
$ 906,518	$ 2,509,323		
		$ (4,685,081)	$ (4,685,081)
		689,216	689,216
		312,070	312,070
		$ (3,683,795)	$ (3,683,795)

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

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 2,302,954
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		23,004,618
Deferred inflows of resources related to property tax revenues for the 2024 tax levy became part of recognized revenue in governmental activities.		3,719
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (14,961,922)	
Accrued Interest Payable	(203,369)	
Bonds Payable	(13,829,795)	(28,995,086)
Total Net Position - Governmental Activities		$ (3,683,795)

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

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 374,810	$ 124,936
Investment and Miscellaneous Revenues	10,736	22,744
TOTAL REVENUES	$ 385,546	$ 147,680
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 76,217	$
Contracted Services	15,142	
Depreciation		
Other	6,207	15
Developer Reimbursements		
Developer Interest		
Debt Service:		
Bond Interest		171,169
Bond Anticipation Note Interest		
Bond Issuance Costs	32,498	
TOTAL EXPENDITURES/EXPENSES	$ 130,064	$ 171,184
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 255,482	$ (23,504)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$ 915,159
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 915,159
NET CHANGE IN FUND BALANCES	$ 255,482	$ 891,655
CHANGE IN NET POSITION		
FUND BALANCES (DEFICIT)/ NET POSITION - JULY 1, 2024	249,299	
FUND BALANCES/NET POSITION - JUNE 30, 2025	$ 504,781	$ 891,655

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 499,746	$ 3,719	$ 503,465
25,622	59,102		59,102
$ 25,622	$ 558,848	$ 3,719	$ 562,567
$	$ 76,217	$	$ 76,217
	15,142		15,142
		590,636	590,636
30	6,252		6,252
4,956,704	4,956,704	(4,956,704)	
933,437	933,437		933,437
	171,169	202,128	373,297
238,663	238,663	(122,972)	115,691
1,258,146	1,290,644		1,290,644
$ 7,386,980	$ 7,688,228	$ (4,286,912)	$ 3,401,316
$ (7,361,358)	$ (7,129,380)	$ 4,290,631	$ (2,838,749)
$ 12,864,841	$ 13,780,000	$ (13,780,000)	$
(172,504)	(172,504)	172,504	
223,540	223,540	(223,540)	
$ 12,915,877	$ 13,831,036	$ (13,831,036)	$ -0-
$ 5,554,519	$ 6,701,656	$ (6,701,656)	$
		(2,838,749)	(2,838,749)
(4,648,001)	(4,398,702)	3,553,656	(845,046)
$ 906,518	$ 2,302,954	$ (5,986,749)	$ (3,683,795)

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

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds	$	6,701,656
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		3,719
Depreciation expense is recorded on capital assets in governmental activities.		(590,636)
Governmental funds report developer reimbursements as expenditures in the period paid. In governmental activities, developer reimbursements reduce long-term liabilities or increase capital assets.		4,956,704
Governmental funds report bond proceeds, bond premiums and bond discounts as other financing sources and uses in the year bonds are sold. Bonds payable, net of unamortized bond premiums and bond discounts, are amortized over the term of the bonds in governmental activities.		(13,831,036)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on long-term debt through fiscal year-end.		(79,156)
Change in Net Position - Governmental Activities	$	(2,838,749)

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

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. CREATION OF DISTRICT

Midlothian Municipal Management District No. 2 (the "District") was created pursuant to House Bill No. 3852, 82nd Texas Legislature Regular Session, 2011, codified as Chapter 3911 Texas Special District Local Laws Code, as a conservation and reclamation district created under and essential to accomplish the purposes of Article XVI, Section 59, and Article III, Section 52 of the Texas Constitution and operating pursuant to Chapter 375, Texas Local Government Code, and Chapters 49 and 54, Texas Water Code, as amended. The District is empowered, among other things, to purchase and/or construct all roads, works, improvements, facilities and plants, and contract rights 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. The Board of Directors held its organizational meeting on August 31, 2015.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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 net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not accounted for in another fund, property tax revenues, professional fees, contracted services, and administrative costs.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The Debt Service Fund owed the General Fund $151,681 for maintenance tax collections as of year end.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Certain assets are capitalized if they have an original cost greater than $5,000 and a useful life over 2 years. Utilities infrastructure and roads are depreciated using the straight-line method over periods ranging from 35 to 45 years.

Certain public infrastructure is conveyed to the City of Midlothian, Texas for ownership and maintenance (see Note 8). The District retains residual interest in such facilities which are recorded as capital assets by the District in accordance with GASB Statement No. 94.

Budgeting

The District adopts a budget on an annual basis which is prepared using the same method of accounting as for financial reporting. The General Fund budget was not amended for the current fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures.

Pensions

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

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. 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 of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

	Series 2024 Utility	Series 2024 Road
Amounts Outstanding – June 30, 2025	$ 9,860,000	$ 3,920,000
Interest Rates	4.00% - 6.50%	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	September 1 2026/2049	September 1 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	November 1, 2030*	November 1, 2030*

*Or any date thereafter, at the option of the District, as a whole or in part, at a price equal to the principal amount plus accrued interest from the most recent interest payment date thereof to the date fixed for redemption. The Series 2024 Utility term bonds maturing on September 1, 2036 are subject to mandatory redemption by lot or other customary random selection methods beginning September 1, 2034. The Series 2024 Road term bonds maturing on September 1, 2036 are subject to mandatory redemption by lot or other customary random selection methods beginning September 1, 2034.

As of June 30, 2025, the District had authorized but unissued bonds in the amount of $141,200,000 for utility facilities, $226,590,000 for refunding utility bonds, $225,640,000 for road facilities, and $344,340,000 for refunding road facilities bonds.

Changes in bonds payable during the current fiscal year are summarized in the following table:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$	$ 13,780,000	$	$ 13,780,000
Unamortized Discounts		(172,504)	(4,197)	(168,307)
Unamortized Premiums		223,540	5,438	218,102
Bonds Payable, Net	$ -0-	$ 13,831,036	$ 1,241	$ 13,829,795

Amount Due Within One Year	$ -0-
Amount Due After One Year	13,829,795
Bonds Payable, Net	$ 13,829,795

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$	$ 610,107	$ 610,107
2027	320,000	599,819	919,819
2028	335,000	578,644	913,644
2029	350,000	556,382	906,382
2030	370,000	532,981	902,981
2031-2035	2,110,000	2,354,589	4,464,589
2036-2040	2,670,000	1,872,967	4,542,967
2041-2045	3,375,000	1,266,527	4,641,527
2046-2050	4,250,000	468,136	4,718,136
	$ 13,780,000	$ 8,840,152	$ 22,620,152

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

During the fiscal year ended June 30, 2025, the District levied an ad valorem debt service tax at the rate of $0.15 per $100 of assessed valuation which resulted in a tax levy of $125,866 on the adjusted taxable valuation of $83,877,724 for the 2024 tax year. See Note 7 for the maintenance tax levy. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required to provide continuing disclosure of certain financial information and operating data with respect to the District to the state information depository. This information, found in the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each fifth-year anniversary of the issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $2,330,523 and the bank balance was $2,342,422. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are summarized in the following table:

	Cash
GENERAL FUND	$ 380,669
DEBT SERVICE FUND	1,043,336
CAPITAL PROJECTS FUND	906,518
TOTAL DEPOSITS	$ 2,330,523

Investments

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

NOTE 5. DEPOSITS AND INVESTMENTS

Investments (Continued)

The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and may be more restrictive than the Public Funds Investment Act. As of June 30, 2025, the District did not own any investments.

NOTE 6. CAPITAL ASSETS

Certain public infrastructure is conveyed to the City of Midlothian, Texas for ownership and maintenance (see Note 8). The District retains residual interest in such facilities which are recorded as capital assets by the District in accordance with GASB Statement No. 94. The following table summarizes current fiscal year activity related to capital assets:

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Subject to Depreciation				
Water System	$ 2,970,343	$ 1,157,804	$	$ 4,128,147
Wastewater System	3,304,539	1,230,849		4,535,388
Drainage System	2,396,210	1,207,145		3,603,355
Roads	9,850,244	2,155,525		12,005,769
Total Capital Assets Subject to Depreciation	$ 18,521,336	$ 5,751,323	$ -0-	$ 24,272,659
Accumulated Depreciation				
Water System	$ 133,784	$ 71,303	$	$ 205,087
Wastewater System	148,908	78,321		227,229
Drainage System	108,028	62,265		170,293
Roads	286,685	378,747		665,432
Total Accumulated Depreciation	$ 677,405	$ 590,636	$ -0-	$ 1,268,041
Total Capital Assets, Net of Accumulated Depreciation	$ 17,843,931	$ 5,160,687	$ -0-	$ 23,004,618

NOTE 7. MAINTENANCE TAX

On May 1, 2021, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used for any costs lawfully authorized to be paid by the General Fund. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.45 per $100 of assessed valuation, which resulted in a tax levy of $377,599 on the adjusted taxable valuation of $83,877,724 for the 2024 tax year.

NOTE 8. DEVELOPMENT AGREEMENT AND FINANCE PLAN

The District, the City of Midlothian, Texas (the "City"), ECOM Real Estate Management, Inc. and Knox Street Partners No. 28, LTD entered into a Development Agreement and Finance Plan (the "Agreement") on August 31, 2015, which was subsequently amended. The Agreement authorizes the improvement projects to be financed by the District which include the public water distribution, public sanitary sewer collection, public storm drainage, public streets and roads, recreational facilities, and related public facilities. The estimated costs of these improvements are set forth in the Agreement and authorize the costs to be financed through the issuance of bonds, notes or other obligations secured by and payable from ad valorem taxes or assessments. The Agreement requires that all District improvements will be conveyed to the City for ownership and maintenance. The term of the Agreement is 40 years from the effective date and may be terminated earlier if all of the improvements have been completed and all costs have been fully reimbursed to the entities who funded the improvements. The Agreement may be extended for two additional 20-year terms by mutual written agreement of the parties.

Additionally, the Agreement authorizes the City to create a tax increment reinvestment zone. Effective April 27, 2021, the District entered into an agreement (the "TIRZ Agreement") with the City and the Developers, whereby the District agreed to participate in the Reinvestment Zone Number Three, City of Midlothian, Texas (the "TIRZ"). The TIRZ Agreement provides for the City to rebate $0.195 per $100 of assessed valuation of the captured appraised value on all taxable property within the District back to the District (the "Rebate"). Pursuant to the TIRZ Agreement, the Rebate will be used by the District to pay for the design and construction of the District's Road System, Utility System, recreational facilities and/or firefighting facilities or to pay debt service on bonds issued by the District for such purposes.

NOTE 9. UNREIMBURSED DEVELOPER COSTS

The District and the developer have entered into agreements which require the developer to fund costs associated with the construction of water, sanitary sewer and drainage facilities, roads, as well as operating advances. Reimbursement to the developer for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds. The following table summarizes current year activity.

Due to Developer, beginning of year	$ 14,167,303
Current year additions	5,751,323
Current year reimbursements	(4,956,704)
Due to Developer, end of year	$ 14,961,922

NOTE 10. RISK MANAGEMENT

The District carries commercial insurance to cover various risks of loss including torts, damage to and destruction of assets, errors and omissions and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. BOND SALES

On November 20, 2024, the District closed on the sale of its $9,860,000 Series 2024 Unlimited Tax Utility Bonds and $3,920,000 Series 2024 Unlimited Tax Road Bonds. Proceeds of the Series 2024 Utility Bonds were used to retire the Series 2024 BAN as well as reimburse the developer for a portion of the construction costs for the water, wastewater, and drainage facilities serving Bridgewater Phases 1A and 1B (not reimbursed with Series 2024 BAN proceeds) as well as pay bond issuance costs, developer interest, Series 2024 BAN interest, and capitalized interest. Proceeds of the Series 2024 Road Bonds were used to reimburse the developer for Presidential Parkway Improvements paving costs, Bridgewater Phase 1A paving costs, and sidewalks for Bridgewater Phases 1A and 1B, as well as pay bond issuance costs, capitalized interest, and developer interest.

NOTE 12. SUBSEQUENT EVENT – PENDING BOND SALE

On or about November 20, 2025, subsequent to the audit report date, the District anticipates closing on the sale of its $8,725,000 Series 2025 Unlimited Tax Road Bonds. Proceeds of the Series 2025 Road Bonds will be used to reimburse the developer for a portion of the construction costs for Presidential Parkway Improvements paving and Bridgewater Phases 1 and 2 paving and excavation costs, as well as pay bond issuance costs, capitalized interest, and developer interest.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 440,038	$ 374,810	$ (65,228)
Investment and Miscellaneous Revenues		10,736	10,736
TOTAL REVENUES	$ 440,038	$ 385,546	$ (54,492)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 46,500	$ 76,217	$ (29,717)
Contracted Services	3,600	15,142	(11,542)
Other	11,400	6,207	5,193
Bond Issuance Costs		32,498	(32,498)
TOTAL EXPENDITURES	$ 61,500	$ 130,064	$ (68,564)
NET CHANGE IN FUND BALANCE	$ 378,538	$ 255,482	$ (123,056)
FUND BALANCE - JULY 1, 2024	249,299	249,299	
FUND BALANCE - JUNE 30, 2025	$ 627,837	$ 504,781	$ (123,056)

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

_____ Other (specify): _____

Note: The City of Midlothian, Texas is the provider of various services to residents of the District, as more fully discussed in Note 8 to the financial statements.

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Ellis County, Texas

Is the District located within a city?

Entirely X Partly _____ Not at all _____

City in which District is located:

City of Midlothian, Texas

Are Board Members appointed by an office outside the District?

Yes X No _____

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:		
Auditing	$	11,000
Engineering		29,544
Legal		35,673
TOTAL PROFESSIONAL FEES	$	76,217
CONTRACTED SERVICES:		
Appraisal District	$	4,824
Bookkeeping		10,318
TOTAL CONTRACTED SERVICES	$	15,142
ADMINISTRATIVE EXPENDITURES:		
Insurance	$	3,639
Travel and Meetings		428
Website		2,070
Other		70
TOTAL ADMINISTRATIVE EXPENDITURES	$	6,207
BOND ISSUANCE COSTS	$	32,498
TOTAL EXPENDITURES	$	130,064

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2024	$ -0-		$ -0-	
Adjustments to Beginning Balance		$ -0-		$ -0-
Original 2024 Tax Levy	$ 384,979		$ 128,326	
Adjustment to 2024 Tax Levy	(7,380)	377,599	(2,460)	125,866
TOTAL TO BE ACCOUNTED FOR		$ 377,599		$ 125,866
TAX COLLECTIONS:				
Prior Years	$ -0-		$ -0-	
Current Year	374,810	374,810	124,936	124,936
TAXES RECEIVABLE - JUNE 30, 2025		$ 2,789		$ 930
TAXES RECEIVABLE BY YEAR:				
2024		$ 2,789		$ 930

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	2024	2023	2022
TOTAL PROPERTY VALUATIONS	$ 83,877,724	$ 37,373,794	$ 4,727,580
TAX RATES PER $100 VALUATION:			
Debt Service	$ 0.15	$ 0.00	$ 0.00
Maintenance	0.45	0.60	0.60
TOTAL TAX RATES PER $100 VALUATION	$ 0.60	$ 0.60	$ 0.60
ADJUSTED TAX LEVY*	$ 503,465	$ 224,243	$ 28,357
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.26 %	100.00 %	100.00 %

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

Note: The maximum maintenance tax rate of $1.00 per $100 assessed valuation was approved by voters on May 1, 2021.

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2024 UTILITY		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$	$ 436,419	$ 436,419
2027	230,000	428,944	658,944
2028	240,000	413,669	653,669
2029	250,000	397,744	647,744
2030	265,000	381,006	646,006
2031	275,000	363,456	638,456
2032	290,000	348,538	638,538
2033	300,000	336,556	636,556
2034	315,000	324,256	639,256
2035	330,000	311,356	641,356
2036	345,000	297,856	642,856
2037	365,000	283,656	648,656
2038	380,000	268,756	648,756
2039	400,000	253,156	653,156
2040	420,000	236,756	656,756
2041	440,000	219,556	659,556
2042	460,000	201,556	661,556
2043	480,000	182,456	662,456
2044	505,000	162,141	667,141
2045	530,000	140,463	670,463
2046	555,000	117,406	672,406
2047	580,000	93,288	673,288
2048	605,000	68,106	673,106
2049	635,000	41,756	676,756
2050	665,000	14,131	679,131
	$ 9,860,000	$ 6,322,983	$ 16,182,983

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2024 ROAD		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$	$ 173,688	$ 173,688
2027	90,000	170,875	260,875
2028	95,000	164,975	259,975
2029	100,000	158,638	258,638
2030	105,000	151,975	256,975
2031	110,000	144,988	254,988
2032	115,000	138,825	253,825
2033	120,000	133,838	253,838
2034	125,000	128,938	253,938
2035	130,000	123,838	253,838
2036	140,000	118,438	258,438
2037	145,000	112,738	257,738
2038	150,000	106,837	256,837
2039	160,000	100,637	260,637
2040	165,000	94,137	259,137
2041	175,000	87,337	262,337
2042	185,000	80,137	265,137
2043	190,000	72,519	262,519
2044	200,000	64,475	264,475
2045	210,000	55,887	265,887
2046	220,000	46,750	266,750
2047	230,000	37,187	267,187
2048	240,000	27,200	267,200
2049	255,000	16,681	271,681
2050	265,000	5,631	270,631
	$ 3,920,000	$ 2,517,169	$ 6,437,169

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$	$ 610,107	$ 610,107
2027	320,000	599,819	919,819
2028	335,000	578,644	913,644
2029	350,000	556,382	906,382
2030	370,000	532,981	902,981
2031	385,000	508,444	893,444
2032	405,000	487,363	892,363
2033	420,000	470,394	890,394
2034	440,000	453,194	893,194
2035	460,000	435,194	895,194
2036	485,000	416,294	901,294
2037	510,000	396,394	906,394
2038	530,000	375,593	905,593
2039	560,000	353,793	913,793
2040	585,000	330,893	915,893
2041	615,000	306,893	921,893
2042	645,000	281,693	926,693
2043	670,000	254,975	924,975
2044	705,000	226,616	931,616
2045	740,000	196,350	936,350
2046	775,000	164,156	939,156
2047	810,000	130,475	940,475
2048	845,000	95,306	940,306
2049	890,000	58,437	948,437
2050	930,000	19,762	949,762
	$ 13,780,000	$ 8,840,152	$ 22,620,152

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Midlothian Municipal Management District No. 2 Unlimited Tax Utility Bonds - Series 2024	$ 9,860,000	$
Midlothian Municipal Management District No. 2 Unlimited Tax Road Bonds - Series 2024	3,920,000	
TOTAL	$ 13,780,000	$ - 0 -

Bond Authority:	Utility Bonds	Road Bonds
Amount Authorized by Voters	$ 151,060,000	$ 229,560,000
Amount Issued	(9,860,000)	(3,920,000)
Remaining to be Issued	$ 141,200,000	$ 225,640,000

Debt Service Fund cash balance as of June 30, 2025:	$ 1,043,336
Average annual debt service payment for remaining term of all bond debt:	$ 904,806

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

Note: The District also has authorized but unissued refunding utility bonds of $226,590,000 and refunding road bonds of $344,340,000.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding June 30, 2025	Paying Agent
$ 9,860,000	$	$ 122,440	$ 9,860,000	BOKF, NA Dallas, TX
3,920,000		48,729	3,920,000	BOKF, NA Dallas, TX
$ 13,780,000	$ - 0 -	$ 171,169	$ 13,780,000	

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - THREE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 374,810	$ 224,243	$ 28,357
Investment and Miscellaneous Revenues	10,736	1,444	
TOTAL REVENUES	$ 385,546	$ 225,687	$ 28,357
EXPENDITURES			
Professional Fees	$ 108,715	$ 58,710	$ 31,929
Contracted Services	15,142	4,427	2,344
Other	6,207	6,222	5,849
TOTAL EXPENDITURES	$ 130,064	$ 69,359	$ 40,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 255,482	$ 156,328	$ (11,765)
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ -0-	$ 97,000	$ 23,000
NET CHANGE IN FUND BALANCE	$ 255,482	$ 253,328	$ 11,235
BEGINNING FUND BALANCE (DEFICIT)	249,299	(4,029)	(15,264)
ENDING FUND BALANCE (DEFICIT)	$ 504,781	$ 249,299	$ (4,029)

See accompanying independent auditor's report.

Percentage of Total Revenues		
2025	2024	2023
97.2 %	99.4 %	100.0 %
2.8	0.6	
100.0 %	100.0 %	100.0 %
28.2 %	26.0 %	112.6 %
3.9	2.0	8.3
1.6	2.8	20.6
33.7 %	30.8 %	141.5 %
66.3 %	69.2 %	(41.5) %

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - THREE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 124,936	$	$
Investment and Miscellaneous Revenues	22,744		
TOTAL REVENUES	$ 147,680	$ -0-	$ -0-
EXPENDITURES			
Tax Collection Expenditures	$ 15	$	$
Debt Service Interest and Fees	171,169		
TOTAL EXPENDITURES	$ 171,184	$ -0-	$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (23,504)	$ -0-	$ -0-
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	$ 915,159	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 891,655	$ -0-	$ -0-
BEGINNING FUND BALANCE			
ENDING FUND BALANCE	$ 891,655	$ -0-	$ -0-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** The City of Midlothian, Texas is the provider of water and wastewater services to residents of the District.

See accompanying independent auditor's report.

Percentage of Total Revenues					
2025		2024		2023	
84.6	%		%		%
15.4					
100.0	%	NA	%	NA	%
	%		%		%
115.9					
115.9	%	NA	%	NA	%
(15.9)	%	NA	%	NA	%

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

District Mailing Address - Midlothian Municipal Management District No. 2
c/o Coats Rose, P.C.
16000 North Dallas Parkway, Suite 350
Dallas, Texas 75248

District Telephone Number - (972) 788-1600

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2025	Expense Reimbursements for the year ended June 30, 2025	Title
Brian Hall	05/24 05/28 (Elected)	$ -0-	$ -0-	President
Ben Luedtke	05/22 05/26 (Appointed)	$ -0-	$ -0-	Vice President
Danny Rodgers	05/24 05/28 (Elected)	$ -0-	$ 184	Secretary
Kyle Ballard	05/24 05/28 (Elected)	$ -0-	$ 244	Assistant Secretary
Dick LeBlanc	05/22 05/26 (Appointed)	$ -0-	$ -0-	Assistant Secretary

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

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

See accompanying independent auditor's report.

MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

Consultants:	Date Hired	Fees for the year ended June 30, 2025	Title
Coats Rose, P.C.	12/30/19	$ 35,673	General Counsel
		$ 355,956	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/21/23	$ 11,000	Auditor
		$ 35,500	Bond Related
L & S District Services, LLC	02/14/20	$ 11,818	Bookkeeper/
		$ -0-	Investment Officer
LJA Engineering, Inc.	02/14/20	$ 83,244	Engineer
Robert W. Baird Co. Incorporated	02/14/20	$ 284,361	Financial Advisor

See accompanying independent auditor's report.