PRELIMINARY OFFICIAL STATEMENT DATED JULY 9, 2026

This PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH PINTEREST 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 DISTRICT WILL DESIGNATE THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS” HEREIN.

NEW ISSUE-Book-Entry Only

$4,000,000
RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
(A political subdivision of the State of Texas located within Liberty County)

UNLIMITED TAX BONDS
SERIES 2026

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

The bonds described above (the “Bonds”) will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. Principal of the Bonds will be payable at stated maturity or earlier redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”). Interest accrues initially from the initial date of delivery (expected to be on or about October 8, 2026) (the “Date of Delivery”), and is payable March 1, 2027, and each September 1 and March 1 thereafter on the basis of a 360-day year of twelve 30-day months until the earlier of maturity or redemption. The Bonds are subject to redemption prior to maturity as shown below.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See “BOOK-ENTRY-ONLY SYSTEM.”

MATURITY SCHEDULE

Due (Sept. 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)	Due (Sept. 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)
2028	$ 95,000	%	%		2040	$ 175,000 (b)	%	%	
2029	100,000				2041	180,000 (b)			
2030	105,000				2042	190,000 (b)			
2031	110,000				2043	200,000 (b)			
2032	115,000				2044	210,000 (b)			
2033	120,000 (b)				2045	225,000 (b)			
2034	125,000 (b)				2046	235,000 (b)			
2035	135,000 (b)				2047	245,000 (b)			
2036	140,000 (b)				2048	260,000 (b)			
2037	150,000 (b)				2049	275,000 (b)			
2038	155,000 (b)				2050	290,000 (b)			
2039	165,000 (b)								

(a) The Underwriter (as defined herein) may elect to designate one or more term bonds. See accompanying OFFICIAL NOTICE OF SALE and OFFICIAL BID FORM.

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

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(d) Initial reoffering yield represents the initial reoffering yield to the public, which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

The Bonds, when issued, will constitute valid and legally binding obligations of River Ranch Municipal Utility District No. 4 (the “District”) and 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 located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Liberty County, the City of Dayton, the River Ranch MUDs (defined herein) or any entity other than the District. The Bonds are subject to special investment risks described herein. See “RISK FACTORS.”

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds through DTC is expected on or about October 8, 2026.

Bids Due: Thursday, September 10, 2026 at 11:00 A.M., Houston Time in Houston, Texas
Bid Award: Thursday, September 10, 2026 at 5:30 P.M., Houston Time in Baytown, Texas

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an OFFICIAL STATEMENT with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 representation must not be relied upon as having been authorized by the District.

This OFFICIAL STATEMENT is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _______________ (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of ____________% of the par value thereof which resulted in a net effective interest rate of _______%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... River Ranch Municipal Utility District No. 4 ("the District") is a political subdivision of the State of Texas, created pursuant to an Order Dividing River Ranch Municipal Utility District of Liberty County into River Ranch Municipal Utility District Nos. 1 through 15 on May 10, 2018. River Ranch Municipal Utility District of Liberty County was created by Senate Bill 321 as passed by the 85th Legislature, Regular Session, of the State of Texas, now codified as Chapter 7991, Texas Special District Local Laws Code, effective September 1, 2017 (the "Act"). The District operates under the Act, Chapters 49 and 54, Texas Water Code, as amended, Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The District consists of approximately 427 acres of land within its boundaries. See "THE DISTRICT—General."

Location... The District is located in southwest Liberty County approximately 30 miles northeast of the central business district of the City of Houston, and approximately five miles south of the central business district of the City of Dayton. Access to the District from the City of Houston is provided by Interstate Highway 10 east to State Highway 146 north. The District is located wholly within the boundaries of Dayton Independent School District and within the extraterritorial jurisdiction of the City of Dayton. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

River Ranch… The District is part of the master-planned community of River Ranch, currently consisting of the River Ranch Improvement District of Liberty County ("RRID") and fifteen separate municipal utility districts known as River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). RRID encompasses all of the land within River Ranch including the River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election and provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Additionally, the Master District (defined herein) is expected to issue contract revenue bonds supported by a contract tax levied by the River Ranch MUDs to finance Master Facilities (defined herein). The District, River Ranch Municipal Utility District No. 1 ("MUD 1"), River Ranch Municipal Utility District No. 2 ("MUD 2"), River Ranch Municipal Utility District No. 3 ("MUD 3"), and River Ranch Municipal Utility District No. 5 ("MUD 5") collectively comprise approximately 1,613 acres referred to herein as the "Service Area." See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax," "RIVER RANCH," "THE DISTRICT" and "THE SYSTEM—The Master District Contract."

The Developer … River Ranch One Investments, Ltd., a Texas limited partnership (the "Developer"), whose general partner is RR I GP, LLC, a Texas limited liability company, acquired the entirety of the approximately 427 acres of land located within the District, which is now being developed as River Ranch, from River Ranch Holdings, LLC, a Texas limited liability company ("River Ranch Holdings"). The Developer is a special single purpose entity formed for the purpose of owning and developing land in River Ranch, including the District. The members of the Developer are privately held real estate development and investment firms located in Houston, Texas. The Developer has developed 1,223 single-family residential lots on approximately 264 acres in the District in River Ranch Trails, Sections Five through Seven and Sections Nine through Eleven, River Ranch Meadows, Sections Eight, Nine, and Eleven through Thirteen, 136 duplex residences on approximately 18 acres in Sundera at River Ranch, and plans to develop 130 duplex residences on approximately 17 acres in River Ranch Trails, Section Eight as a rental home community, and owns no remaining developable land in the District.

Neither the Developer nor any other landowner is obligated to pay any principal of or interest on the Bonds. See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer," "THE DEVELOPER," "TAX DATA—Principal Taxpayers" and "APPENDIX B—Developer Financials."

Land Use and Status of Development...

Single-Family Residential: Underground utilities and paving are complete for 1,223 single-family residential lots (approximately 264 acres) in the District. As of August 13, 2026, 112 homes were completed (all occupied), 101 homes were under construction or continue to be in the name of a builder, and 1,010 lots were available for home construction. Home sales prices in the District range from approximately $270,000 to over $550,000.

Single-Family Rental: Approximately 18 acres have been developed as Sundera at River Ranch, a rental home community consisting of 136 duplexes on 68 lots. Additionally, approximately 17 acres in River Ranch Trails, Section Eight is planned to be developed as a rental home community which will consist of 130 duplexes on 65 lots. As of August 13, 2026, approximately 40 duplex residences have been constructed, of which 30 are leased to tenants in Sundera at River Ranch. No duplexes have been constructed in River Ranch Trails, Section Eight. See "RISK FACTORS—Rental Homes."

The remainder of the District consists of 128 acres of undevelopable land (amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, roadways, utility sites and parks and open space).

The Builders…

Homebuilders actively marketing or building homes in the District include Century Communities, Coventry Homes, Empire Communities, Brightland Homes, Smith Douglas Homes, Pulte Homes, Adams Homes, Legend Homes, McKinley Homes, Lennar Homes, Long Lake Ltd., and Value Builders, Inc. See "THE DISTRICT—Homebuilding."

Water and Wastewater Facilities…

The District, MUD 2, MUD 3 and MUD 5 (collectively, the "Participants") have constructed internal water, sanitary sewer and drainage facilities within their respective boundaries to serve the development described herein. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by regional facilities owned and operated by River Ranch Municipal Utility District No. 1 ("MUD 1"), in its capacity as the regional provider of such services (the "Master District") to the Service Area (defined herein). See "THE SYSTEM."

Overlapping Debt Obligations and Contract Tax…

All the land within the District is included within the boundaries of RRID and is also subject to taxation by RRID. RRID levied a 2025 tax rate in the amount of $0.50 per $100 of taxable assessed valuation. RRID has previously issued $17,000,000 principal amount of unlimited tax road bonds, all of which remains outstanding as of the date hereof.

Pursuant to the Master District Contract (defined herein), River Ranch Municipal Utility District No. 1 serves as the Master District and is expected to issue contract revenue bonds supported by a contract tax levied by the Participants to finance Master Facilities (defined herein). MUD 1 has authorized preparation of a bond application to the Texas Commission on Environmental Quality (the "TCEQ") requesting authorization to issue approximately $14,965,000 principal amount of contract revenue bonds and expects approval and issuance in the first quarter of 2027. Currently, the District, MUD 2, MUD 3 and MUD 5 are Participants. MUD 1 is not a Participant and not expected to become a Participant in the future. See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."

Payment Record...

The District has no prior debt history. The District will capitalize twenty-four (24) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

THE BONDS

Description...	River Ranch Municipal Utility District No. 4 Unlimited Tax Bonds, Series 2026 in the aggregate principal amount of $4,000,000 (the "Bonds") will be issued as fully registered serial bonds maturing on September 1 in each of the years 2028 through 2050, both inclusive, in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds accrues from the Date of Delivery at the rates per annum set forth on the cover page hereof, and is payable March 1, 2027, and each September 1 and March 1 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board (the "Bond Order"). See "THE BONDS—Description."
Redemption...	Bonds maturing on or after September 1, 2033 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Book-Entry-Only System…	The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."
Use of Proceeds...	Proceeds of the Bonds will be used to finance water, wastewater and drainage facilities as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to capitalize twenty-four (24) months of interest on the Bonds; to pay interest on funds advanced by the Developer on behalf of the District; to pay engineering fees, and operating costs of the District; and to pay certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are the first series of bonds issued out of an aggregate of $127,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of financing water, wastewater and drainage improvements and facilities to serve the land within its boundaries. The Bonds are issued by the District pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, a bond election held in the District, and the Act. See "THE BONDS—Authority for Issuance."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Dayton, Liberty County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance...	The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. The District has submitted applications to two municipal bond insurers for a contract for municipal bond insurance on the Bonds. The purchase of such insurance is at the Underwriter's option and expense. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICPAL BOND RATING AND MUNICPAL BOND INSURANCE."
Qualified Tax-Exempt Obligations...	The Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel…	Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, Houston, Texas.
Financial Advisor…	Masterson Advisors LLC, Houston, Texas.
Disclosure Counsel…	McCall, Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$75,906,790	(a)
Estimated Taxable Assessed Valuation as of April 1, 2026	$76,382,720	(b)
Gross Direct Debt Outstanding (the Bonds)	$ 4,000,000	(c)
Estimated Overlapping Debt	10,430,550	(d)
Gross Direct Long-Term Debt and Estimated Overlapping Debt	$14,430,550	(d)
Ratios of Gross Direct Debt to:		
2026 Certified Taxable Assessed Valuation	5.27%	
Estimated Taxable Assessed Valuation as of April 1, 2026	5.24%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	19.01%	
Estimated Taxable Assessed Valuation as of April 1, 2026	18.89%	
Total Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twenty-four (24) months)	$420,000	(e)
Funds Available for Operation and Maintenance as of August 13, 2026	$8,667	(f)
2025 Tax Rate (All Maintenance)	$1.00	(g)
Anticipated 2026 Tax Rate (All Maintenance)	$1.00	(g)
Projected Average Annual Debt Service Requirement (2028-2050)	$299,568	(h)
Projected Maximum Annual Debt Service Requirement (2040)	$305,463	(h)
Tax Rates Required to Pay Average Annual Debt Service (2028-2050) at a 90% Collection Rate		
Based upon 2026 Certified Taxable Assessed Valuation	$0.44	(i)
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026	$0.44	(i)
Tax Rates Required to Pay Maximum Annual Debt Service (2040) at a 90% Collection Rate		
Based upon 2026 Certified Taxable Assessed Valuation	$0.45	(i)
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026	$0.45	(i)
Status of Development as of August 13, 2026 (j):		
River Ranch Single-Family Residential:		
Total Single-Family Residential Lots Developed	1,223	
Completed Homes (112 Homes Occupied)	112	
Homes Under Construction or in the Name of the Homebuilder	101	
Single-Family Residential Lots Available for Home Construction	1,010	
Single-Family Residential Rental:		
Total Single-Family Residential Rental Lots Developed (266 Duplexes)	133	
Rental Lots Completed (40 Duplexes Completed of which 30 are Leased and Occupied)	20	
Rental Homes Under Construction or in the Name of a Homebuilder (56 Duplexes)	28	(k)
Rental Lots Available for Home Construction (170 Duplexes)	85	
Estimated Population	497	(l)

(a) As certified by the Liberty County Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on April 1, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and April 1, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds.

(d) See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."

(e) The District will capitalize twenty-four (24) months of interest from proceeds of the Bonds. The amount above is estimated at 5.25%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

(g) The District authorized publication of its intent to levy a total tax rate of $1.00 per $100 of taxable assessed valuation, all of which is allocated to maintenance and operations. Such tax rate is expected to be adopted in September 2026 and is subject to change prior to official levy. The District expects to levy its initial debt service tax in 2027. See "TAX DATA—Historical Tax Rate Distribution."

(h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(i) See "RISK FACTORS—Possible Impact on District Tax Rates" and "TAX DATA—Tax Adequacy for Debt Service."

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

(k) Includes approximately 17 acres in River Ranch Trails, Section Eight, which is planned to be developed as a rental home community which will consist of 130 duplex residences on 65 lots. See "THE DISTRICT—Land Use and Status of Development."

(l) Based upon 3.5 persons per completed and occupied single-family residence.

PRELIMINARY OFFICIAL STATEMENT

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
(A political subdivision of the State of Texas located within Liberty County)

$4,000,000

UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by River Ranch Municipal Utility District No. 4 (the "District") of its $4,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, Senate Bill 321 as passed by the 85th Legislature, Regular Session, of the State of Texas, now codified as Chapter 7991, Texas Special District Local Laws Code, effective September 1, 2017 (the "Act"), an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held wi7thin the District.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, River Ranch One Investments, Ltd., a Texas limited partnership ("the Developer"), and development activity within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of such documents may be obtained from the District upon payment of the costs of duplication therefor from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

RISK FACTORS

General

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

Dependence on Principal Taxpayers and the Developer

The District is in the early stages of development and there is a high concentration of ownership of taxable value in the District. The top ten principal taxpayers within the District represent $50,819,360 or 66.95% of the 2026 Certified Taxable Assessed Valuation of $75,906,790, which represents ownership as of January 1, 2026. The Developer represents $20,551,140 or 27.07% of the 2026 Certified Taxable Assessed Valuation. See "THE DEVELOPER" and "TAX DATA—Principal Taxpayers." If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the debt service fund (see "THE BONDS—Source of Payment"), the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect on the District's ability to pay debt service on the Bonds. See "Tax Collections Limitations and Foreclosure Remedies" in this section, and "TAXING PROCEDURES—Levy and Collection of Taxes."

The Developer has informed the District that its current plan is to continue developing its property in the District. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developer, its affiliates or any other landowners. See “THE DEVELOPER” and “THE DISTRICT—Land Use and Status of Land Development.”

Vacant Lots

As of August 13, 2026, there are approximately 1,010 vacant developed lots in the District. The District makes no representation as to when or if construction of homes on such lots will occur, or if the lot sales and building program will be successful. Future increases in value will result primarily from the construction of homes by builders. Failure of the of the homebuilders to construct homes on the developed lots could restrict the rate of growth on taxable values in the District. See “THE DISTRICT—Land Use” and “—Status of Development.”

Developer/Property Owners Obligation to the District

There are no commitments from or obligations of the Developer or any other landowners to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, continued development of taxable property within the District will increase or maintain its taxable value.

Increase in Costs of Building Materials

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

Operating Funds

The District’s primary source of operating revenue to date is developer advances and maintenance tax revenue. The District levied a 2025 tax rate of $1.00 per $100 of taxable assessed valuation (all maintenance) and expects to levy a 2026 tax rate of $1.00 per $100 of taxable assessed valuation (all maintenance). The District expects to levy its initial debt service tax in 2027 and reduce the maintenance tax rate proportionally such that the total tax rate does not exceed $1.00 per $100 of taxable assessed valuation. See “TAX DATA—Tax Rate Distribution. The District’s unaudited General Fund balance as of August 13, 2026 was $8,667. The revenue produced from the maintenance tax rate may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive General Fund balance may depend upon (1) cash subsidies from the Developer, and (2) continued development and increased amounts of maintenance tax revenue and allocation of fees for provision of water and sewer service. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. Such an increase may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Water and Wastewater Operations.”

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots which are currently being marketed by the Developer to the Builders (defined herein) for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the greater Houston metropolitan region and the national economy and those conditions can affect the demand for residences. Demand for lots, and undeveloped land of this type and the construction of residential improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See “Credit Markets and Liquidity in the Financial Markets” below and “THE DISTRICT—Homebuilding.”

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, 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 30 miles northeast of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 30 miles northeast from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northeastern portion of the Greater Houston area market and in River Ranch. 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 the Builders 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. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Tropical Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

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

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

Rental Homes

The Developer has developed Sundera at River Ranch as a single-family residential rental home community consisting of 136 duplex residences constructed on 68 single-family residential lots. The Developer sold such lots to Value Builders, Inc., a Texas based investment property construction firm specializing in the construction, leasing and management of single-family residential rental home communities. As a result, it is expected that title to the completed lots and homes will remain in Value Builders, Inc. or another entity rather than being sold to individual builders or homeowners. This is expected to result in a longer-tern concentration of assessed valuation in a single property owner. Value Builders, Inc., as the owner of the rental homes in Sundera at River Ranch is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front and back yards. The ability of Value Builders, Inc. or the ultimate owner of the rental homes to lease the rental properties may affect their ability to maintain the properties and the taxable assessed valuation of the properties. Additionally, the failure of Value Builders, Inc. or the ultimate owner of the rental homes to make full and timely payments of taxes levied against the rental home property by the District and similar taxing authorities could have a material adverse effect on the District's ability to pay debt service on the Bonds.

Additionally, approximately 17 acres in River Ranch Trails, Section Eight is planned to be developed as a rental home community which will consist of 130 duplex residences on 65 single-family residential lots.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Certified Taxable Assessed Valuation is $75,906,790, which is subject to review and downward adjustment prior to certification. After issuance of the Bonds, the maximum annual debt service requirement will be $305,463 (2040), and the average annual debt service requirement will be $299,568 (2028-2050). Assuming no increase or decrease from the 2026 Certified Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of April 1, 2026 of $76,382,720, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.45 and $0.44 per $100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 1, 2026, will be the amount finally certified by the Appraisal District and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes and Contract Tax

All the land within the District is included within the boundaries of River Ranch Improvement District ("RRID") and is also subject to taxation by RRID. RRID levied a 2025 tax rate in the amount of $0.50 per $100 of taxable valuation. RRID has issued a total of $17,000,000 principal amount of unlimited tax road bonds, all of which is outstanding as of the date hereof. The District's 2025 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2025 tax rate of RRID is $1.50 per $100 of taxable assessed valuation.

Each of the River Ranch MUDs (defined herein) is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election. Each of the River Ranch MUDs provides or is expected to provide water, sewer, and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities.

The District cannot represent whether any of the development planned or occurring in RRID will be successful or whether the appraised valuation of the land located within RRID will justify continued payment of the taxes by property owners. An increase in the tax rate of RRID could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by RRID and the District.

The Master District provides or will provide certain regional water, sanitary sewer, drainage, parks, and other facilities (collectively, the "Master District Facilities") necessary to serve the River Ranch development, including the District. By execution of the Contract for Financing, Operation, and Maintenance of Regional Facilities, as amended (the "Master District Contract"), all of the municipal utility districts in River Ranch that have entered into the Master District Contract (the "Participants," currently, the District, MUD 2, MUD 3, and MUD 5), are obligated to pay a pro rata share of debt service on the contract revenue bonds issued by the Master District to finance the Master District Facilities (the "Contract Revenue Bonds") based upon the certified gross assessed valuation of each district. The Master District is authorized to issue Contract Revenue Bonds in the principal amount of $571,880,000 for water, sewer, and drainage facilities and the refunding of such bonds, all of which remain unissued, and $57,000,000 for recreational facilities and refunding of such bonds, all of which remain unissued. Pursuant to the Master District Contract (defined herein), River Ranch Municipal Utility District No. 1 ("MUD 1") serves as the Master District and is expected to issue contract revenue bonds supported by a contract tax levied by the Participants (defined herein) to finance Master Facilities (defined herein). MUD 1 has authorized preparation of a bond application to the Texas Commission on Environmental Quality (the "TCEQ") requesting authorization to issue approximately $14,965,000 principal amount of contract revenue bonds and expects approval and issuance in the first quarter of 2027. The Participants will be obligated pursuant to the Master District Contract to pay their pro rata share of debt service on the Contract Revenue Bonds from the proceeds of ad valorem taxes levied by the Participants for such purpose (the "Contract Tax") or from any other lawful source of income from the River Ranch MUDs. See "THE SYSTEM—The Master District Contract—Master District Facilities" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

The District intends to levy a Contract Tax to pay its pro rata share of debt service on any Contract Revenue Bonds issued by the Master District. The Contract Tax will be in addition to the direct total tax rate of the District. The District cannot represent whether any of the development planned or occurring in the Service Area (defined herein) will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future construction and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Liberty County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

The tax rate that may be required to service debt on any bonds issued by the District in combination with the RRID is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Liberty County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. Combined tax rates of $1.50 per $100 of taxable assessed valuation for the District (including any contract tax levied by the District) and RRID are higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rates is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local 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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a 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 against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. Voters within the District have authorized the issuance of $127,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater, and drainage facilities, and after issuance of the Bonds, $123,500,000 in principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater, and drainage facilities will remain authorized but unissued. The District's voters have also authorized a total of $17,230,000 in principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities, and $127,500,000 in principal amount for the purpose of refunding outstanding bonds of the District, all of which remains authorized but unissued. Any additional bonds issued will be on a parity with the Bonds; therefore, the issuance of additional obligations may increase the District's tax rate and adversely affect the security of, and the investment quality and value of the Bonds. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds that it may issue. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, wastewater and drainage facilities and recreational facilities must be approved by the TCEQ. See "THE BONDS—Issuance of Additional Debt."

To date, the Developer has advanced certain funds for construction of water, wastewater and stormwater drainage facilities and parks and recreational facilities which has not been reimbursed. After reimbursement with proceeds of the Bonds, the District will continue to owe approximately $25,500,500 to the Developer in the District for funds advanced for construction of water, wastewater and stormwater drainage facilities and parks and recreational facilities. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. However, the outstanding principal amount of bonds issued to finance parks and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may not exceed an amount equal to three percent (3%) of the value of the taxable property in the District. In addition, additional bonds may be issued for purposes which do not result in any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Registered Owners' Remedies and Bankruptcy

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Environmental and Air Quality 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 released into the air, water, or 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 Service Area. 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 Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB 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.

The HGB Area is currently designated as a "severe" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB 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 HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB 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 HGB 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 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.

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 by the District to comply with such covenants in the Bond Order on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Marketability

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

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 is limited.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations.

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

The obligations of the Insurer are contractual obligations and in an event of default by the 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 Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial of the 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 Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

THE BONDS

Description

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, which authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated October 1, 2026. Interest will accrue from the Date of Delivery with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2027, and mature on the dates and in the amounts and pay interest at the rates shown on the cover page hereof. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") 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 the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

In the event the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar 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 a Registered Owner at the risk and expense of such Registered Owner.

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-Only System, references in other sections of this OFFICIAL STATEMENT to registered owners should be read to include the person for which the Participant acquires an interest in the bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Registration, Transfer and Exchange

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the Bond Order. While the Bonds are in the Book-Entry-Only system, Bonds will be registered only in the name of Cede & Co and held by DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., in Houston, Texas. In the Bond Order the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

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.

Source of Payment

The Bonds, when issued, and any additional unlimited tax bonds issued hereafter, will constitute valid and binding obligations of the District and are payable as to principal and interest from and are secured by the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund (as defined in the Bond Order) and used solely to pay principal of and interest on the Bonds, and on any additional bonds issued by the District payable from taxes which may be levied. See "TAX DATA."

The Bonds are obligations solely of the District and are not obligations of Liberty County, Texas, the City of Dayton, Texas, the State of Texas, the RRID, the Master District, or any political subdivision or entity other than the District.

Funds

The Bond Order establishes the District's Debt Service Fund and Capital Projects Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds, together with interest thereon, as such becomes due. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Twenty-four (24) months of interest will be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds will be deposited into the Capital Projects Fund to be used for the purpose of acquiring and constructing District facilities, paying interest to the Developer, and paying administrative costs and operating costs of the District and the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bond Order also confirms the creation of the District's General Fund. The District deposits, as collected, all revenues derived from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, maintenance and operating expenses. Any funds remaining in the General Fund after payment of administration, maintenance and operating expenses may be used by the District for any lawful purposes.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2033, prior to their scheduled maturities, in whole or, from time to time in part, in integral multiples of $5,000 on September 1, 2032, or any date thereafter, at a price of the principal amount of bonds to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a given maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by random method selection (or by DTC in accordance with its procedures while the Bonds are in Book-Entry-Only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At an election held within the District on November 6, 2018, the voters of the District authorized the issuance of $127,500,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the District's water, wastewater and drainage facilities. After issuance of the Bonds, the District will have $123,500,000 principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring and constructing the District's water, wastewater, and drainage facilities. See "Issuance of Additional Debt" below.

The TCEQ, pursuant to its order approving sale of the Bonds, has authorized the District to sell the Bonds for the purposes described in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, the Act, and the Bond Order.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT. See "LEGAL MATTERS—Legal Opinion."

Issuance of Additional Debt

Voters within the District have authorized the issuance of $127,500,000 in principal amount of unlimited tax bonds for purposes of acquiring and constructing the District's water, wastewater and drainage facilities. After issuance of the Bonds, the District will have $123,500,000 principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring and constructing the District's water, wastewater and drainage facilities. The District's voters have also authorized the issuance of $17,230,000 in principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities, and $127,500,000 in principal amount of unlimited tax bonds for the purpose of refunding outstanding bonds of the District, all of which remains authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be subsequently authorized for issuance by the District's voters or the amount ultimately issued by the District. Any additional bonds issued by the District may be on a parity with the Bonds.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, unless the District meets certain financial feasibility requirements under the TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations adopted by the TCEQ.

Issuance of additional bonds or other subsequently authorized bonds could affect the investment quality or security of the Bonds. See "RISK FACTORS—Future Debt."

Annexation

The Act provides that a municipality in whose extraterritorial jurisdiction the District is located may annex all or part of the property within the District. Such an annexation would not result in a total or partial dissolution of the District or an assumption by the annexing municipality of any of the District's obligations or indebtedness. A municipal annexation of all or part of the property within the District has no effect on the validity of the District and the District shall continue to exist and exercise the powers granted by the Act. However, if a municipality were to annex all or part of the property within the District, such municipality's ad valorem property tax would apply to property in the District. The addition of such municipality's property tax may serve as a disincentive to the continued ownership, operation or development of property in the District. All of the acreage in the District is within the extraterritorial jurisdiction of the City of Dayton. The District is currently not aware of any attempts by the City of Dayton or any other municipality to annex any property in the District; therefore, the District makes no representation that the City of Dayton will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City of Dayton to pay debt service on the District's bonds if annexation were to occur.

Dissolution

This District may be dissolved by majority vote of the Board of Directors or upon petition of landowners holding title to at least two-thirds of the assessed value of property or the surface area in the District, excluding roads, streets, highways and utility rights-of-way; provided, however, if the District is dissolved, the Act provides that the District shall remain in existence solely for the limited purpose of discharging its bonds, including the Bonds, or other obligations according to their terms.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

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 observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. 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. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted 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.

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 as follows: (i) by paying or causing to pay principal and interest due on the Bonds (whether at maturity, redemption or otherwise) in accordance with the terms of the Bonds; (ii) 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 (iii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing the discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit or payment as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 in the Bond Resolution 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 that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and 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 or 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 dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the Engineer (defined herein) and were approved by the TCEQ in its order authorizing the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (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 agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required.

CONSTRUCTION COSTS		
• River Ranch Meadows, Sections Eight and Nine - Water, Wastewater, and Drainage	$	2,482,337
• Engineering		270,437
Total Construction Costs	**$**	**2,752,774**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	120,000
• Capitalized Interest (24 months) (a)		440,000
• Developer Interest (Estimated)		253,360
Total Non-Construction Costs	**$**	**813,360**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	249,866
• Bond Application Report Cost		50,000
• Operating Expenses		120,000
• State Regulatory Fees		14,000
Total Issuance Costs and Fees	**$**	**433,866**
TOTAL BOND ISSUE	**$**	**4,000,000**

(a) The TCEQ approved a maximum Underwriter's discount of 3.00% and twelve (12) months of capitalized interest estimated at 5.50% per annum. Capitalized interest shown elsewhere herein is calculated at an estimated interest rate of 5.25%.

RIVER RANCH

The District is part of the master-planned community of River Ranch, currently consisting of the RRID and fifteen separate municipal utility districts known as River Ranch Municipal Utility District Nos. 1 through 15 ("the River Ranch MUDs"), including the District. RRID encompasses all of the land within River Ranch including the District and each of the River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election and provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Additionally, the Master District is expected to issue contract revenue bonds supported by a contract tax levied by the Participants to finance Master Facilities (defined herein) in the Service Area (defined herein). The District, MUD 1, MUD 2, MUD 3, and MUD 5 collectively comprise approximately 1,613 acres referred to herein as the "Service Area." See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax" and "THE DISTRICT."

THE DISTRICT

General

The District is a political subdivision of the State of Texas. The District was created pursuant to an Order Dividing River Ranch Municipal Utility District into River Ranch Municipal Utility District Nos. 1 through 15 on May 10, 2018. River Ranch Municipal Utility District was created by Senate Bill 321 as passed by the 85th Legislature, Regular Session, of the State of Texas, now codified as Chapter 7991, Texas Special District Local Laws Code, effective September 1, 2017 (the "Act"). The District operates under Chapter 7991, Chapters 49 and 54, Texas Water Code, as amended, pursuant to Article III, Section 52 and 52-a and Article XVI, Section 59 of the Texas Constitution.

Description and Location

The District consists of approximately 427 acres and is located in Liberty County, approximately 30 miles northeast of the central business district of the City of Houston and approximately five miles south of the central business district of the City of Dayton. Access to the District from the City of Houston is provided by Interstate Highway 10 east to State Highway 146 north. The District is located wholly within the boundaries of Dayton Independent School District and within the extraterritorial jurisdiction of the City of Dayton. See "AERIAL PHOTOGRAPH."

Land Use and Status of Development

The following table represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential:	Approximate Acres	Lots
River Ranch:		
Meadows, Section Eight……………………………………	22	98
Meadows, Section Nine……………………………………	15	59
Meadows, Section Eleven…………………………………	36	158
Meadows, Section Twelve…………………………………	22	78
Meadows, Section Thirteen………………………………	28	123
Trails, Section Five………………………………………	28	149
Trails, Section Six………………………………………	28	137
Trails, Section Seven……………………………………	22	103
Trails, Section Eight (a)…………………………………	17	65
Trails, Section Nine………………………………………	17	88
Trails, Section Ten………………………………………	22	98
Trails, Section Eleven……………………………………	25	132
Sundera at River Ranch (a)………………………………	18	68
Subtotal…………………………………………………	299	1,356
Future Development………………………………………	--	--
Undevelopable (b)…………………………………………	128	--
Subtotal…………………………………………………	128	--
Total………………………………………………………	427	1,356

(a) A single-family residential rental home community consisting of 68 duplex lots (136 duplex residences) has been developed on approximately 18 acres in Sundera at River Ranch and River Ranch Trails, Section Eight is planned to be developed as a rental home community which will consist of 65 duplex lots (130 duplex residences) on approximately 17 acres. See "RISK FACTORS—Rental Homes" and "—Land Use and Status of Development—Single-Family Residential Rental" herein.

(b) Represents amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, roadways, utility sites and parks and open space.

Single-Family Residential: Underground utilities and paving are complete for 1,223 single-family residential lots (approximately 264 acres) in the District. As of August 13, 2026, 112 homes were completed (all occupied), 101 homes were under construction or continue to be in the name of a builder, and 1,156 lots were available for home construction. Home sales prices in the District range from approximately $270,000 to over $550,000.

Single-Family Residential Rental: River Ranch One has developed Sundera at River Ranch, a single-family residential rental home community consisting of 136 duplexes on 68 lots on approximately 18 acres. Additionally, approximately 17 acres in River Ranch Trails, Section Eight is planned to be developed as a rental home community which will consist of 130 duplexes on 65 lots. As of August 13, 2026, approximately 40 duplex residences have been constructed, of which 30 are leased to tenants in Sundera at River Ranch. No duplexes have been constructed in River Ranch Trails, Section Eight. See "RISK FACTORS—Rental Homes." The rental homes in Sundera at River Ranch, which are all owned or expected to be owned by Value Builders, Inc., have an approximate square footage of between 1,401 and 2,574 square feet, and monthly rental rates ranging from approximately $2,315 to approximately $2,799. See "RISK FACTORS—Rental Homes."

The remainder of the District is comprised of approximately 128 acres that are not developable (amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, roadways, utility sites and parks and open space).

Homebuilding

Homebuilders actively marketing or building homes in the District include Century Communities, Coventry Homes, Empire Communities, Brightland Homes, Smith Douglas Homes, Pulte Homes, Adams Homes, Legend Homes, McKinley Homes, Lennar Homes, Long Lake Ltd., and Value Builders, Inc. (the "Builders").

MANAGEMENT OF THE DISTRICT

Directors and Officers

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are appointed to four-year staggered terms by the TCEQ. None of the Board members reside within the District; however, each of the Board members owns land within the District, subject to a Deed of Trust in favor of the Developer. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	District Board Title	Term Expires
Katelyn Van Kampen	President	May 2030
Robert Holsinger	Vice President	May 2030
Lindsey Waller	Secretary	May 2030
Sarah Herrington	Assistant Secretary	May 2028
Jamie Pruitt-Wright	Director	May 2028

Bond Counsel/Attorney

The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Financial Advisor

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

Auditor

The District's financial statements for the fiscal year ended May 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended May 31, 2026. See "APPENDIX A" for a copy of the District's May 31, 2025, audited financial statements.

Engineers

The District's consulting engineer is Quiddity Engineering LLC (the "Engineer"). LJA Engineering, Inc. also provides engineering services to the District for specific projects.

Bookkeeper

The District has contracted with Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

Tax Appraisal

The Liberty County Central Appraisal District (the "Appraisal District") has the responsibility of appraising taxable property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector

The District's tax assessor/collector is Utility Tax Services, LLC (the "Tax Assessor/Collector").

Utility System Operator

Municipal District Services, LLC (the "Operator") has been engaged by the District to operate the water supply and distribution and wastewater collection and treatment facilities serving the District.

THE DEVELOPER

General

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

Prospective Bond purchasers should note that the prior real estate experience of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See "RISK FACTORS—Economic Factors and Interest Rates."

The Developer

River Ranch One Investments, Ltd.: River Ranch One Investments, Ltd., a Texas limited partnership (the "Developer"), whose general partner is RR I GP, LLC, a Texas limited liability company, acquired the entirety of the approximately 427 acres of land located within the District, which is now being developed as River Ranch, from River Ranch Holdings, LLC, a Texas limited liability company ("River Ranch Holdings"). The Developer is a special single purpose entity formed for the purpose of owning and developing land in River Ranch, including the District. The members of the Developer are privately held real estate development and investment firms located in Houston, Texas. The Developer has developed 1,223 single-family residential lots on approximately 264 acres in the District in River Ranch Trails, Sections Five through Seven and Sections Nine through Eleven, River Ranch Meadows, Sections Eight, Nine, and Eleven through Thirteen, 136 duplex residences on approximately 18 acres, and plans to develop approximately 17 acres in River Ranch Trails, Section Eight as a rental home community, and owns no remaining developable land in the District. See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer," "THE DISTRICT—Land Use," "—Status of Development," "TAX DATA—Principal Taxpayers," and "APPENDIX B—Developer Financials."

Neither the Developer nor any affiliated company has any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer is subject to change at any time. Because of the foregoing, financial information concerning the Developer will neither be updated nor provided following issuance of the Bonds, except as described herein under "CONTINUING DISCLOSURE INFORMATION." See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer."

Obligations of the Developer

Neither the Developer nor any other landowner is obligated to pay any principal of or interest on the Bonds. Neither the Developer or any other landowner has any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time.

National Finance Authority

The Developer has obtained financing for a portion of the development of the District through the National Finance Authority (the "National Finance Authority" or "NFA"). The NFA issued $69,060,657.80 (Value at Issuance) $103,205,000.00 (Value at Maturity) National Finance Authority Special Revenue Capital Appreciation Bonds (River Ranch Project, Liberty County, Texas), Series 2025 (the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations and Certifications for Tax Purposes to the NFA with respect to the issuance of the NFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has 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.

THE SYSTEM

The Master District Contract

The Master District provides or will provide certain regional water, sanitary sewer, storm sewer, parks, roads and other facilities (collectively, the "Master District Facilities") necessary to serve the Master District's approximately 1,613 acre Service Area, including the District, MUD 1, MUD 2, MUD 3, and MUD 5 (the District, MUD 2, MUD 3, and MUD 5 collectively or individually referred to as "Participant(s)"). Each of these districts have executed the Master District Contract with the Master District as Participants, and have each obtained the approval of the Master District Contract from its voters at an election held within their respective boundaries.

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Contract Revenue Bonds issued by the Master District for the Master District Facilities based upon each Participant's Certified Appraised Value, as defined in the Master District Contract, as a percentage of the Certified Appraised Value of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the Contract Revenue Bonds annual debt service payments from the proceeds of an annual ad valorem Contract Tax, without legal limit as to rate or amount, revenues derived from the operation of its water distribution and wastewater collection system or from any other legally available funds. The contract payments shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Contract Revenue Bond documents entered into by the Master District. Each Participant's contract payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

Pursuant to the Master District Contract, the Master District is authorized to issue Contract Revenue Bonds in the principal amount of $571,880,00 for water, sewer, and drainage facilities, all of which remain unissued, and $57,000,000 for recreational facilities, all of which remain unissued. The Master District expects to issue its first series of Contract Revenue Bonds of approximately $14,965,000 principal amount in the first quarter of 2027. See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District owns and operates the Master District Facilities. Each Participant will own and operate its internal facilities. The internal facilities have been or are expected to be financed with unlimited tax bonds sold by each of the Participants. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Master District Service Area, which is currently comprised of approximately 1,613 acres in the District, MUD 1, MUD 2, MUD 3, and MUD 5. In the event that the Master District fails to meet its obligations under the Master District Contract to provide regional water, sanitary sewer and drainage facilities, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand such facilities to provide it with service, and convey such facilities to the Master District in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such facilities. Each Participant is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and, if approved by all Participants, to pay for capital costs of Master District Facilities. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single-family equivalent connection currently being charged by the Master District to each Participant is $147.74.

Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance expenses, and obligations pursuant to the Master District Contract, including its pro rata share of the Master District's debt service requirements and monthly charges. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participant without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's facilities by such Participant in addition to the Master District's other remedies pursuant to the Master District Contract. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contract.

Master District Facilities

Water Facilities: The Master District is responsible for planning and providing major water facilities to the Participants within its Service Area. The potable water supply facilities constructed by or on behalf of the Master District and being operated by the Master District ("Water Supply Facilities") currently consist of two water plants. Water Plant No. 1 includes one 650 gallons per minute ("gpm") water well, 228,000 gallons of ground storage capacity, 2,000 gpm of booster pump capacity, pressure tank capacity of 30,000 gallons, and all related appurtenances. Water Plant No. 2 includes one 1,500 gpm water well, 500,000 gallons of ground storage capacity, 2,700 gpm of booster pump capacity, pressure tank capacity of 15,000 gallons, and all related appurtenances. The major components of the Master District's Water Supply Facilities have the capacity to serve approximately 2,500 equivalent single-family connections ("ESFCs"). According to the Master District's Engineer, the Master District has a current reserved capacity of 2,333 ESFCs for the Participants (1,057 for MUD 3, 702 for MUD 2, 574 for the District) and 1,212 ESFCs are being served by the Water Supply Facilities.

Wastewater Treatment: The Master District is responsible for planning and providing major wastewater collection and treatment facilities to the participants within its Service Area. The wastewater treatment facilities constructed by or on behalf of the Master District and being operated by the Master District (the "Wastewater Treatment Facilities") currently consist of one plant ("Wastewater Plant No. 1") with a total capacity of 600,000 gallons per day ("gpd"). Current wastewater treatment capacity at Wastewater Plant No. 1 will serve 2,400 ESFCs. According to the Master District's Engineer, the Master District has reserved capacity for 2,400 ESFCs for the Participants (56 for MUD 2, 1,361 for MUD 3, 983 for the District) and approximately 1,115 ESFCs are being served by Wastewater Treatment Plant No. 1

Master Drainage: The Master District also provides the Service Area with drainage facilities, which include drainage facilities, detention pond facilities, and conveyance storm sewer lines ("Stormwater Drainage Facilities"). The Master District is responsible for operation and maintenance of the Stormwater Drainage Facilities. The Service Area drains to East Prong Old River. The City of Dayton and United States Army Corps of Engineers have certain jurisdiction over East Prong Old River and Liberty County Old River Drainage District No. 1 is responsible for maintenance of the East Prong Old River. Conveyance of sheet flow runoff to the storm sewer is supplemented by a system of curb, gutter, and street inlets.

Internal Water Distribution, Wastewater Collection, and Storm Drainage Facilities: Internal water distribution, wastewater collection and storm drainage facilities have been constructed in the District to serve 1,223 single-family residential lots and 133 single-family residential rental lots. The District's systems tie into the Master District's systems.

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" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes 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.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$75,906,790	(a)
Estimated Taxable Assessed Valuation as of April 1, 2026	$76,382,720	(b)
Gross Direct Debt Outstanding (the Bonds)	$ 4,000,000	(c)
Estimated Overlapping Debt	10,430,550	(d)
Gross Direct Long-Term Debt and Estimated Overlapping Debt	$14,430,550	(d)
Ratios of Gross Direct Debt to:		
2026 Certified Taxable Assessed Valuation	5.27%	
Estimated Taxable Assessed Valuation as of April 1, 2026	5.24%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	19.01%	
Estimated Taxable Assessed Valuation as of April 1, 2026	18.89%	
Total Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twenty-four (24) months)	$420,000	(e)
Funds Available for Operation and Maintenance as of August 13, 2026	$8,667	(f)

(a) As certified by the Liberty County Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on April 1, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and April 1, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds.

(d) See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax" and "—Estimated Overlapping Debt" and "—Overlapping Taxes" herein.

(e) The District will capitalize twenty-four (24) months of interest from proceeds of the Bonds. The amount above is estimated at 5.25%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Debt Service Requirements

The following sets forth the estimated debt service on the Bonds at an estimated interest rate per annum of 5.25%. This schedule does not reflect the fact that an amount equal to twenty-four (24) months of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

	Debt Service on the Bonds		
Year	Principal	Interest	Total
2027	$ -	$ 210,000.00	$ 210,000.00
2028	95,000	210,000.00	305,000.00
2029	100,000	205,012.50	305,012.50
2030	105,000	199,762.50	304,762.50
2031	110,000	194,250.00	304,250.00
2032	115,000	188,475.00	303,475.00
2033	120,000	182,437.50	302,437.50
2034	125,000	176,137.50	301,137.50
2035	135,000	169,575.00	304,575.00
2036	140,000	162,487.50	302,487.50
2037	150,000	155,137.50	305,137.50
2038	155,000	147,262.50	302,262.50
2039	165,000	139,125.00	304,125.00
2040	175,000	130,462.50	305,462.50
2041	180,000	121,275.00	301,275.00
2042	190,000	111,825.00	301,825.00
2043	200,000	101,850.00	301,850.00
2044	210,000	91,350.00	301,350.00
2045	225,000	80,325.00	305,325.00
2046	235,000	68,512.50	303,512.50
2047	245,000	56,175.00	301,175.00
2048	260,000	43,312.50	303,312.50
2049	275,000	29,662.50	304,662.50
2050	290,000	15,225.00	305,225.00
Total	$ 4,000,000	$ 3,189,637.50	$ 7,189,637.50

Average Annual Debt Service Requirements (2028-2050) $299,568
Maximum Annual Debt Service Requirement (2040) $305,463

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Liberty County………………………………………	$ 131,825,000		7/31/2026	0.54%	$ 711,855
Dayton Independent School District………………..	41,340,000		7/31/2026	2.06%	851,604
River Ranch Improvement District…………………..	17,000,000		7/31/2026	27.74%	4,715,800
River Ranch Municipal Utility District No. 1………	14,965,000	(a)	7/31/2026	27.74%	4,151,291
Total Estimated Overlapping Debt………………………………………………………………………………………..					$ 10,430,550
The District……………………………………………	4,000,000	(b)	Current	100.00%	4,000,000
Total Direct and Estimated Overlapping Debt…………………………………………………………………………….					$ 14,430,550

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Certified Taxable Assessed Valuation of $75,906,790.. 19.01%
Estimated Taxable Assessed Valuation as of April 1, 2026 of $76,382,720 .... 18.89%

(a) The Master District expects to issue its first series of Contract Revenue Bonds of approximately $14,965,000 principal amount in the first quarter of 2027. See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."
(b) The Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2025 tax year by all taxing jurisdictions overlapping the District and the District. None of the entities below have levied a 2026 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2025 Tax Rate per $100 of Taxable Assessed Valuatior
Liberty County……………………………………………………………………………	$ 0.480000000
Liberty County Old River Drainage District No. 1……………………………………..	0.061178000
Liberty County Emergency Services District No. 3……………………………………	0.030000000
Dayton Independent School District……………………………………………………	0.957200000
River Ranch Improvement District…………………………………………………………	0.500000000
Total Overlapping Tax Rate………………………………………………………………...	$ 2.028378000
The District (a)…………………………………………………………………………….	$ 1.000000000
Total Tax Rate………………………………………………………………………………	$ 3.028378000

(a) The District authorized publication of its intent to levy a total tax rate of $1.00 per $100 of taxable assessed valuation, all of which is allocated to maintenance and operations. Such tax rate is expected to be adopted in September 2026 and is subject to change prior to official levy. The District expects to levy its initial debt service tax in 2027. See "TAX DATA—Historical Tax Rate Distribution."

Water and Wastewater Operations

The Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Bonds, upon Board action. However, it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Bonds.

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statement for the fiscal year ending May 31, 2025, and an unaudited summary, provided by the Bookkeeper, for the fiscal year ended May 31, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. This summary should be used in conjunction with the full audit attached hereto as "APPENDIX A" and should not be detached. A full review of the documents described herein is recommended.

	Fiscal Year Ended May 31,	
	2026	2025
Revenues:	(Unaudited)	
Property Taxes	$ 115,000	$ 282
Water Service	145,728	11,585
Wastewater Service	86,949	4,451
Connection and Inspection Fees	294,580	338,907
Investment and Miscellaneous Revenues	9,758	1,874
Total Revenue	$ 652,015	$ 357,099
Expenditures:		
Professional Fees	$ 161,705	$ 93,436
Contracted Services	283,405	11,785
Purchased Master District Services	327,392	38,164
Repairs & Maintenance	78,514	24,146
Administrative	15,170	-
Other	4,096	175,810
Total Expenditures	$ 870,281	$ 343,341
NET REVENUES	$ (218,266)	$ 13,758
Other Sources of Revenue(a)	$ 115,000	$ 67,500
General Operating Fund Balance (Beginning of Year)	$ 58,664	$ (22,594)
General Operating Fund Balance (End of Year)	$ (44,602)	$ 58,664

(a) Developer advances. See "RISK FACTORS—Operating Funds."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy its initial debt service tax in 2027. See "RISK FACTORS—Tax Collections and Foreclosure Remedies," "Historical Tax Rate Distribution" and "Tax Roll Information" in this section, and "TAXING PROCEDURES."

Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants' pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant's certified appraised value by the total of all the Participants' certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's Contract Revenue Bonds are issued. The District expects to levy a contract tax rate in the future. See "RISK FACTORS— Overlapping Debt and Taxes and Contract Tax" and "THE SYSTEM—The Master District Contract."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. On November 6, 2018, voters within the District authorized the levy of a maintenance tax, without limitation. A maintenance tax, if levied, is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Historical Tax Rate Distribution

	Anticipated 2026 (a)	2025	2024	2023
Debt Service	$ -	$ -	$ -	$ -
Maintenance and Operations	1.00	1.00	1.00	1.00
Total	$ 1.00	$ 1.00	$ 1.00	$ 1.00

(a) The District authorized publication of its intent to levy a total tax rate of $1.00 per $100 of taxable assessed valuation, all of which is allocated to maintenance and operations. Such tax rate is expected to be adopted in September 2026 and is subject to change prior to official levy. The District expects to levy its initial debt service tax in 2027.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Information for each tax year is current as of that year. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records and statements for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of July 31, 2026 (a) Amount	Percent
2023	$ 28,164	$ 1.00	$ 282	$ 282	100.00%
2024	29,534	1.00	295	295	100.00%
2025	16,170,107	1.00	161,701	160,909	99.51%

(a) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Levy of Taxes"). The following represents the composition of property comprising the 2023 through 2026 Certified Taxable Assessed Valuations. An accurate breakdown of the Estimated Taxable Assessed Valuation as of April 1, 2026, of $76,382,720 is not available as of the date hereof.

	Type of Property			Gross	Deferments		Net
Tax			Personal	Assessed	and	Uncertified	Assessed
Year	Land	Improvements	Property	Valuations	Exemptions	Value	Valuations
2023	$ -	$ 28,164	$ -	$ 28,164	$ -	$ -	$ 28,164
2024	1,370	28,164	-	29,534	-	-	29,534
2025	18,527,120	14,426	-	18,541,546	(2,371,439)	-	16,170,107
2026	42,923,860	39,885,850	19,500	82,829,210	(6,922,420)	-	75,906,790

Additional Penalties

The District has contracted with Davis, Fielder & Sylvia, PLLC for collection of delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax, penalty and interest to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the 2026 Taxable Assessed Valuation of $75,906,790. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of April 1, 2026 of $76,382,720, is not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
River Ranch One Investments, Ltd. (a)	$ 20,551,140	27.07%
Value Builders Inc.	12,224,300	16.10%
Pulte Homes of Texas LP (b)	4,020,530	5.30%
SDH Houston LLC	2,691,510	3.55%
Adams Homes Lone Star LLC (b)	2,592,820	3.42%
McKinley Homes TX LLC (b)	2,132,000	2.81%
Legend Classic Homes (b)	1,941,850	2.56%
Lennar Homes of Texas Land & Constructions Ltd. (b)	1,790,900	2.36%
Brightland Homes Ltd. (b)	1,641,980	2.16%
H&B Land Holdings 3 LLC	1,232,330	1.62%
Total	$ 50,819,360	66.95%

(a) See "THE DEVELOPER."
(b) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Certified Taxable Assessed Valuation of $75,906,790, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of April 1, 2026 of $76,382,720. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety percent (90%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2028-2050)	$299,568
$0.44 Tax Rate on the 2026 Certified Taxable Assessed Valuation	$300,591
$0.44 Tax Rate on the Estimated Taxable Assessed Valuation as of April 1, 2026	$302,476
Maximum Annual Debt Service Requirement (2040)	$305,463
$0.45 Tax Rate on the 2026 Certified Taxable Assessed Valuation	$307,422
$0.45 Tax Rate on the Estimated Taxable Assessed Valuation as of April 1, 2026	$309,350

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes and are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five years or older and of certain disabled persons to the extent deemed advisable by the Board. For tax year 2026, the District has not adopted a residential homestead exemption for persons age 65 and older and disabled persons. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has not granted a general homestead exemption.

Freeport Goods Exemption and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

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

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. 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. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. Neither Liberty County nor the District adopted an order regarding the reappraisal of property in the District.

Levy and Collection of Taxes

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

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Rollback of Operations and Maintenance Tax

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt." 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, among other collection methods available, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on homesteads as described above under "-Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, 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 (a taxpayer may redeem property within two (2) years for residential and agricultural property and within six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) 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. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collection Limitations."

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws as described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this OFFICIAL STATEMENT under the captions "THE BONDS," "THE DISTRICT—General," "THE SYSTEM—The Master District Contract," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore, such fees are contingent on the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature has been filed or is 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 or 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 Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT, as it may have been supplemented or amended, through the date of sale.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, 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"). Interest on the Bonds may be excludable in certain corporations "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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 the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that 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 Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Discount Bonds

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.

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, taxpayers qualifying for the health- insurance premium assistance credit, foreign corporations subject to the branch profits tax 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 for Financial Institutions

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

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. The District has submitted applications to two municipal bond insurers for a contract for municipal bond insurance on the Bonds. The purchase of such insurance is at the Underwriter's option and expense. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT have been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as described herein under "Certification of Official Statement" in this section. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the statutes, orders, engineering and other related reports set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC, Houston, Texas is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT.

The Financial Advisor has not, however, independently verified the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation into the affairs of persons or firms referred to in this OFFICIAL STATEMENT for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has consented to the use of information provided by such firm.

Appraisal District: The information contained in this OFFICIAL STATEMENT relating to the District's assessed value has been provided by the Liberty County Central Appraisal District and has been included herein in reliance upon the authority of such entity as an expert in appraising the values of property in Liberty County including the District.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Services, LLC, and is included herein in reliance upon the authority of such firm as an expert in assessing and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's water and sewer system and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by the District's Engineer, Quiddity Engineering LLC and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

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

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Water and Wastewater Operations" has been provided by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If, subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event that causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that fewer 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.

Certification of Official Statement

The District, acting through its Board in its official capacity, in reliance on the experts listed above hereby certifies, as of the date hereof, that the information, statements, and descriptions pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. The information, descriptions and statements concerning entities other than the District including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC") regarding the District's continuing disclosure obligations because the District has not issued more than $10,000,000 in aggregate amount of bonds (including the Bonds) and no person is committed by contract or other arrangement with respect to payment of the Bonds. In the Bond Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data, which is customarily prepared by the District and publicly available annually to the MSRB.

The information to be updated which will be provided with respect to the District includes the quantitative financial information and operating data of the general type included in the District's audited financial statements and supplemental schedules as found in "APPENDIX A—Independent Auditor's Report and Financial Statements of the District for the Year Ended May 31, 2025" and "APPENDIX B—Developer Financials." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026. Any information concerning the District so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not complete within such period, then the District shall provide unaudited financial information for the fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 30 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.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB via EMMA, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (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 an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or an obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or an obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB in an electronic format and accompanied by identifying information as prescribed by the MSRB Board. The MSRB makes the information available to the public without charge through its EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered Owners or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with 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 person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners 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 so provided.

Compliance With Prior Undertakings

The District has not previously made a continuing disclosure agreement in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of River Ranch Municipal Utility District No. 4 of Liberty County as of the date shown on the cover page.

/s/ ______________________
President, Board of Directors

ATTEST:

/s/ ______________________
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of May 2026)

SH 146
River Ranch Municipal
Utility District No. 4
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PHOTOGRAPHS OF THE DISTRICT
(As of May 2026)


RIVER RANCH
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AVAILABLE
PRIVATE PROPERTY
NO TRESPASSING


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APPENDIX A

Independent Auditor's Report and Financial Statement of the District for the fiscal year ended May 31, 2025

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4

LIBERTY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund	*Mike M. McCall*
Noel W. Barfoot	*(retired)*
Joseph Ellis	*Debbie Gibson*
Ashlee Martin	*(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Ranch Municipal Utility District No. 4
Liberty County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of River Ranch Municipal Utility District No. 4 (the "District") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of May 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
River Ranch Municipal Utility District No. 4

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

September 11, 2025

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025

Management's discussion and analysis of the financial performance of River Ranch Municipal Utility District No. 4 (the "District") provides an overview of the District's financial activities for the fiscal year ended May 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 one governmental fund type. The General Fund accounts for maintenance tax revenues, service revenues, developer advances, professional fees, and administrative expenditures.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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. The budgetary comparison schedule is included as RSI for the General Fund.

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 River Ranch Municipal Utility of District No. 4, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77002.

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 $5,083,567 as of May 31, 2025. This is the District's first audit. In future years a comparative analysis of government-wide changes in net position will be presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position for the year ended May 31, 2025:

	Summary of the Statement of Net Position 2025
Current and Other Assets	$ 267,240
Capital Assets (Net of Accumulated Depreciation)	4,163,378
Total Assets	$ 4,430,618
Due to Developer	$ 9,305,623
Other Liabilities	208,562
Total Liabilities	$ 9,514,185
Net Position:	
Net Investment in Capital Assets	$ (4,988,389)
Unrestricted	(95,178)
Total Net Position	$ (5,083,567)

The following table provides a summary of the District's operations for the year ended May 31, 2025, which is the initial audit period for the District.

	Summary of the Statement of Activities 2025
Revenues:	
Property Taxes	$ 296
Service Revenues	354,943
Other Revenues	1,874
Total Revenues	$ 357,113
Total Expenses, Including Conveyances	5,331,730
Change in Net Position	$ (4,974,617)
Net Position, Beginning of Year	(108,950)
Net Position, End of Year	$ (5,083,567)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by $81,258, primarily due to service revenues, developer advances and connection fees exceeding professional fees, purchased services, and tap connection costs during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. The budget was not amended. Actual revenues were $357,099 more than budgeted revenues, actual expenditures were $248,591 more than budgeted expenditures and developer advances were $27,500 less than budgeted developer advances which resulted in a positive variance of $81,008. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets totaled $4,163,378 as of May 31, 2025, and include water facilities and wastewater facilities.

Capital Assets At Year-End

	2025
Capital Assets Subject to Depreciation:	
Water Facilities	$ 1,508,785
Wastewater Facilities	2,695,184
Less Accumulated Depreciation	(40,591)
Total Net Capital Assets	$ 4,163,378

COMMITMENTS AND CONTINGENCIES

As of May 31, 2025, the District recorded a Developer liability of $9,305,623 which consisted of operating advances made since inception as well as the construction of certain infrastructure within the District. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues, subject to approval by the Commission.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
MAY 31, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 254,410	$	$ 254,410
Property Taxes Receivable	14		14
Service Accounts Receivable	12,816		12,816
Capital Assets (Net of Accumulated Depreciation)		4,163,378	4,163,378
TOTAL ASSETS	$ 267,240	$ 4,163,378	$ 4,430,618
LIABILITIES			
Accounts Payable	$ 194,062	$	$ 194,062
Due to Developer		9,305,623	9,305,623
Security Deposits	14,500		14,500
TOTAL LIABILITIES	$ 208,562	$ 9,305,623	$ 9,514,185
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 14	$ (14)	$ -0-
FUND BALANCE			
Unassigned	$ 58,664	$ (58,664)	$ -0-
TOTAL FUND BALANCE	$ 58,664	$ (58,664)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS RESOURCES, AND FUND BALANCE	$ 267,240		
NET POSITION			
Net Investment in Capital Assets		$ (4,988,389)	$ (4,988,389)
Unrestricted		(95,178)	(95,178)
TOTAL NET POSITION		$ (5,083,567)	$ (5,083,567)

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

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2025

Total Fund Balance - Governmental Fund	$ 58,664
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	4,163,378
Deferred inflows of resources related to property taxes receivable for the 2024 tax levy became part of recognized revenue in the governmental activities of the District.	14
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 construction costs and operating advances paid by the Developer.	(9,305,623)
Total Net Position - Governmental Activities	$ (5,083,567)

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

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MAY 31, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 282	$ 14	$ 296
Water Service	11,585		11,585
Wastewater Service	4,451		4,451
Connection and Inspection Fees	338,907		338,907
Investment and Miscellaneous Revenues	1,874		1,874
TOTAL REVENUES	$ 357,099	$ 14	$ 357,113
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 93,436	$	$ 93,436
Contracted Services	11,785		11,785
Purchased Master District Services	38,164		38,164
Repairs and Maintenance	24,146		24,146
Depreciation		40,591	40,591
Conveyance of Assets		4,947,798	4,947,798
Other	175,810		175,810
TOTAL EXPENDITURES/EXPENSES	$ 343,341	$ 4,988,389	$ 5,331,730
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 13,758	$ (4,988,375)	$ (4,974,617)
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ 67,500	$ (67,500)	$ -0-
NET CHANGE IN FUND BALANCE	$ 81,258	$ (81,258)	$
CHANGE IN NET POSITION		(4,974,617)	(4,974,617)
FUND BALANCE (DEFICIT)/ NET POSITION - JUNE 1, 2024	(22,594)	(86,356)	(108,950)
FUND BALANCE/NET POSITION - MAY 31, 2025	$ 58,664	$ (5,142,231)	$ (5,083,567)

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

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

Net Change in Fund Balance - Governmental Fund	$ 81,258
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.	14
Governmental funds do not account for depreciation. In governmental activities, capital assets are depreciated over the estimated useful lives.	(40,591)
Assets conveyed to other entities for ownership and maintenance are recorded as expenses in the Statement of Activities.	(4,947,798)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.	(67,500)
Change in Net Position - Governmental Activities	$ (4,974,617)

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

NOTE 1. CREATION OF DISTRICT

On May 10, 2018, pursuant to an Order Dividing District, River Ranch Municipal Utility District subdivided into 15 districts, one of which was the District. The districts were created to provide water, wastewater treatment, drainage, park and other facilities and services to the development known as River Ranch.

River Ranch Municipal Utility District No. 4 (the "District") is a conservation and reclamation district, a body politic and subdivision of the State of Texas, operating pursuant to Chapter 222, Acts of the 85th Legislature of the State of Texas, and organized as a municipal utility district by Article XVI, Section 59, Texas Constitution, and operating under the provisions of Chapters 49 and 54, Texas Water Code, as amended. The District held its organizational meeting on August 11, 2022, and at an election held November 8, 2022, the voters confirmed the creation of the District.

The District and other participating districts have contracted with the River Ranch Municipal Utility District No. 1 (the "Master District") for the financing, operation, and maintenance of regional water, sewer, drainage, park and other facilities. These facilities are under the oversight of the Master District's Board of Directors.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. The 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").

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, 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, if any, 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 Fund

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

The District has one governmental fund and considers it to be a major fund. The General Fund accounts for service revenues, maintenance tax revenues, developer advances, professional fees and administrative expenditures.

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 with 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.

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.

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. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Liberty County is responsible for the ownership and maintenance of roads and storm drainage within the District. During the current fiscal year, the District recorded an expense totaling $4,947,798 for drainage related construction costs paid for by the Developer and conveyed to Liberty County for ownership and maintenance.

Budgeting

An annual budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

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. 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Operating statements of governmental fund types report increases and decreases in available spendable resources.

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

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

At an election held on November 8, 2022, voters authorized the issuance of bonds as follows: $127,500,000 to be used for the purchase of water, sewer, and drainage system improvements within the District and for refunding of such bonds; and $17,230,000 to be used for the purchase or construction of recreational facilities.

NOTE 4. RISK MANAGEMENT

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

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. 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 $254,410 and the bank balance was $254,410. The District was not exposed to custodial credit risk at year-end.

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act.

The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

As of May 31, 2025, the District did not own any investments.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2025, is summarized in the following table:

	June 1, 2024	Increases	Decreases	May 31, 2025
Capital Assets Subject to Depreciation				
Water Facilities	$	$ 1,508,785	$	$ 1,508,785
Wastewater Facilities		2,695,184		2,695,184
Total Capital Assets Subject to Depreciation	$ - 0 -	$ 4,203,969	$ - 0 -	$ 4,203,969
Less Accumulated Depreciation				
Water Facilities	$	$ 14,476	$	$ 14,476
Wastewater Facilities		26,115		26,115
Total Accumulated Depreciation	$ - 0 -	$ 40,591	$ - 0 -	$ 40,591
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ - 0 -	$ 4,163,378	$ - 0 -	$ 4,163,378

NOTE 7. MAINTENANCE TAX

On November 8, 2022, the voters of the District approved the levy and collection of a maintenance tax rate of an unlimited amount per $100 of assessed valuation of taxable property within the District which may be used to pay any lawfully authorized expenditures of the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $1.00 per $100 of assessed valuation, which resulted in a tax levy of $296 on the adjusted taxable valuation of $29,534 for the 2024 tax year.

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 8. CONTRACT FOR FINANCING, OPERATION AND MAINTENANCE OF REGIONAL FACILITIES

The District executed a 40-year contract with the Master District for the financing, operation and maintenance of the Master District's regional water, sewer, drainage, park and other facilities. The Master District administers the contract for the Participants. The Master District will finance the Master District facilities through the issuance of Master District contract revenue bonds. The Master District has the authority to issue water, sewer and drainage bonds not to exceed $571,880,000 and park bonds not to exceed $57,000,000. Each Participant is responsible for its pro rata share of the debt service requirements on the Master District contract revenue bonds.

Each Participant has contracted with the Master District to provide, receive, and transport its water supply, sanitary waste, and storm waters through the Master District facilities. The Master District has also assumed the responsibility of providing parks. The Master District owns and operates the Master District facilities. Each Participant's monthly bill is determined by multiplying the total number of equivalent single-family residential connections (ESFC) reserved for the Participant by the unit cost per ESFC shown in the budget for each Participant. The rate in effect during the current fiscal year was $150.25 per ESFC. The Master District prepares an operating budget annually based on annual estimates provided by each Participant to the Master District for waste discharge, water usage and connections. The Master District agreement requires a reserve equivalent to three months of operation and maintenance expenses.

On November 8, 2022, the voters of the District approved the levy and collection of a contract tax rate of an unlimited amount per $100 of assessed valuation of taxable property within the District for the purposes of paying the District's obligations under the Master District contract.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The District's Developer has incurred costs related to the construction of certain utility infrastructure as well as made operating advances to the District. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues, subject to approval by the Commission. The following table summarizes current year activity related to unreimbursed operating advances and construction costs:

Due to Developer, beginning of year	$ 86,356
Current year additions	9,219,267
Due to Developer, end of year	$ 9,305,623

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2025

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$	$ 282	$ 282
Water Service		11,585	11,585
Wastewater Service		4,451	4,451
Connection and Inspection Fees		338,907	338,907
Investment and Miscellaneous Revenues		1,874	1,874
TOTAL REVENUES	$ -0-	$ 357,099	$ 357,099
EXPENDITURES			
Service Operations:			
Professional Fees	$ 60,000	$ 93,436	$ (33,436)
Contracted Services	7,500	11,785	(4,285)
Purchased Master District Services		38,164	(38,164)
Repairs and Maintenance		24,146	(24,146)
Other	27,250	175,810	(148,560)
TOTAL EXPENDITURES	$ 94,750	$ 343,341	$ (248,591)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (94,750)	$ 13,758	$ 108,508
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ 95,000	$ 67,500	$ (27,500)
NET CHANGE IN FUND BALANCE	$ 250	$ 81,258	$ 81,008
FUND BALANCE (DEFICIT) - JUNE 1, 2024	(22,594)	(22,594)	
FUND BALANCE (DEFICIT) - MAY 31, 2025	$ (22,344)	$ 58,664	$ 81,008

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2025

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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

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

X The District participates in a regional system in which oversight is by the River Ranch Municipal Utility No. 1 Master District (see Note 8).

___ Other (specify): ______________________________

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The following rates are based on the rate order approved November 14, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 26.25	-0-	N	$2.10	0,001 – 5,000
				2.63	5,001 – 15,000
				3.15	15,001 – 25,000
				3.68	25,001 and over
WASTEWATER:	$ 43.25	-0-	N	$2.63	0,001 – 5,000
				3.15	5,001 – 15,000
				3.68	15,001 – 25,000
				4.20	25,001 and over

District employs winter averaging for wastewater usage?

Yes	No
	X

Total monthly charges per 10,000 gallons usage: Water: $49.90 Wastewater: $72.15

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	127	125	x 1.0	125
1"	1	1	x 2.5	3
1½"	3	3	x 5.0	15
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	131	129		143
Total Wastewater Connections	127	125	x 1.0	125

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Note: The District is a participant in regional facilities which operate under the oversight of River Ranch Municipal Utility District No. 1 (see Note 8). MUD No. 1 provided 3,043,000 gallons of water to the District during the current fiscal year.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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:

Liberty County, Texas

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

Entirely __X__ Partly _______ Not at all _____

ETJ in which District is located:

City of Dayton, Texas

Is the District located within a city?

Entirely _____ Partly _______ Not at all __X__

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2025

PROFESSIONAL FEES:		
Engineering	$	22,216
Legal		71,220
TOTAL PROFESSIONAL FEES	$	93,436
PURCHASED MASTER DISTRICT SERVICES	$	38,164
CONTRACTED SERVICES:		
Tax Assessment and Collection Costs	$	300
Bookkeeping		7,050
Operations and Billing		4,435
TOTAL CONTRACTED SERVICES	$	11,785
REPAIRS AND MAINTENANCE	$	24,146
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	6,900
Election Costs		3,807
Insurance		2,959
Office and Other		2,100
TOTAL ADMINISTRATIVE EXPENDITURES	$	15,766
OTHER EXPENDITURES:		
Connection and Inspection Fees	$	160,044
TOTAL EXPENDITURES	$	343,341

See accompanying independent auditor's report.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	Maintenance Taxes	
TAXES RECEIVABLE -		
JUNE 1, 2024	$ -0-	
Adjustments to Beginning Balance		$ -0-
Original 2024 Tax Levy	$ 295	
Adjustment to 2024 Tax Levy	1	296
TOTAL TO BE ACCOUNTED FOR		$ 296
TAX COLLECTIONS:		
Prior Years	$	
Current Year	282	282
TAXES RECEIVABLE - MAY 31, 2025		$ 14
TAXES RECEIVABLE BY YEAR:		
2024		$ 14

See accompanying independent auditor's report.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	2024
PROPERTY VALUATIONS:	
Land	$ 29,534
TOTAL TAX RATES PER $100 VALUATION	$ 1.00
ADJUSTED TAX LEVY*	$ 296
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	95.36 %

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

Maintenance Tax – Maximum tax rate of an unlimited amount per $100 assessed valuation was approved by voters on November 8, 2022.

See accompanying independent auditor's report.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - ONE YEAR

	Amounts	Percentage of Total Revenues
	2025	2025
REVENUES		
Property Taxes	$ 282	0.1 %
Water Service	11,585	3.2
Wastewater Service	4,451	1.2
Connection and Inspection Fees	338,907	95.0
Investment and Miscellaneous Revenues	1,874	0.5
TOTAL REVENUES	$ 357,099	100.0 %
EXPENDITURES		
Professional Fees	$ 93,436	26.2 %
Contracted Services	11,785	3.3
Purchased Master District Services	38,164	10.7
Repairs and Maintenance	24,146	6.8
Other	175,810	49.2
TOTAL EXPENDITURES	$ 343,341	96.2 %
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 13,758	3.8 %
OTHER FINANCING SOURCES		
Developer Advances	$ 67,500	
NET CHANGE IN FUND BALANCE	$ 81,258	
BEGINNING FUND BALANCE (DEFICIT)	(22,594)	
ENDING FUND BALANCE	$ 58,664	
TOTAL ACTIVE RETAIL WATER CONNECTIONS	129	
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	125	

See accompanying independent auditor's report.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

District Mailing Address	-	River Ranch Municipal Utility District No. 4 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, TX 77002
District Telephone Number	-	(713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2025	Expense Reimbursements for the year ended May 31, 2025	Title
Katelyn Van Kampen	05/22 05/26 (Appointed)	$ 1,326	$ 204	President
Robert Holsinger	05/22 05/26 (Appointed)	$ 1,105	$ 127	Vice President
Natalie Tackett	05/22 05/26 (Appointed)	$ 884	$ 107	Secretary
Sarah Herrington	05/24 05/28 (Elected)	$ 1,547	$ 242	Assistant Secretary
Jamie Pruitt-Wright	05/24 05/28 (Elected)	$ 1,547	$ 183	Director

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 developers 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.

The most recent submission date of the District Registration Form was on March 13, 2025.

See accompanying independent auditor's report.

RIVER RANCH MUNICIPAL UTILITY DISTRICT NO. 4
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

Consultants:	Date Hired	Fees for the year ended May 31, 2025	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	08/11/22	$ 75,027	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/10/23	$ -0-	Auditor
Myrtle Cruz, Inc.	08/11/22	$ 7,599 $ -0-	Bookkeeper/ Investment Officer
Quiddity Engineering	08/11/22	$ 22,216	Engineer
Masterson Advisors LLC	08/11/22	$ -0-	Financial Advisor
Municipal District Services, LLC	08/11/22	$ 177,618	Operator
Utility Tax Service, LLC	03/09/23	$ 300	Tax Assessor

See accompanying independent auditor's report.

APPENDIX B

Developer Financials

RIVER RANCH ONE INVESTMENTS, LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Prepared on the Income Tax Basis of Accounting

RIVER RANCH ONE INVESTMENTS, LTD.
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BRIDGEPOINT
CPA GROUP

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Partners of
River Ranch One Investments, Ltd.

We have reviewed the accompanying financial statements of River Ranch One Investments, Ltd., which comprise the balance sheet as of December 31, 2025, and the related statements of operations and changes in partners' capital for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting described in Note 1 and for determining that the income tax basis of accounting is an acceptable financial reporting framework in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the income tax basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of River Ranch One Investments, Ltd. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the income tax basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Company uses for federal income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

BridgePoint CPA Group, LLC

BridgePoint CPA Group, LLC

308 Commercial Dr Savannah, Georgia
September 2, 2026

RIVER RANCH ONE INVESTMENTS, LTD.
BALANCE SHEET
December 31, 2025

ASSETS	
Cash	204,351
MUD costs	36,132,718
Work in process costs	56,401,902
Investment - RR Funding	175,599
Loan receivable - Angel Lagoon	19,487,562
Related party receivable	200
Total assets	**$ 112,402,332**
LIABILITIES AND PARTNERS' CAPITAL	
Series 2025 Bond Financing Obligation	45,259,129
Builder earnest money	1,286,659
Credit Facility	97,713,317
Total liabilities	**144,259,105**
Partners' capital	(31,856,773)
Total liabilities and partners' capital	**$ 112,402,332**

(See Notes to Financial Statements)

RIVER RANCH ONE INVESTMENTS, LTD.
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2025

REVENUES	
Lot sales	$ 31,637,500
Other income	1,347
Total revenues	**$ 31,638,847**
EXPENSES	
Cost of sales	$ 91,944,919
Lagoon operating expense	3,760,000
Franchise tax expense	181,993
Other expenses	84,419
Total expenses	**95,971,333**
Net loss	**$ (64,332,486)**

(See Notes to Financial Statements)

RIVER RANCH ONE INVESTMENTS, LTD.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
For the Year Ended December 31, 2025

Partners' capital, beginning of year	$ 42,475,713
Net loss	(64,332,486)
Distributions	(10,000,000)
Partners' capital, end of year	**$ (31,856,773)**

(See Notes to Financial Statements)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

River Ranch One Investments, Ltd. (the "Company" or "River Ranch") is a limited partnership engaged in the acquisition, development, and sale of residential real estate. The Company's principal business activities relate to the development of the River Ranch residential community in Texas, including the acquisition and development of land and the sale of developed residential lots primarily to homebuilders.

In connection with the development of the River Ranch community, the Company incurs significant costs associated with land acquisition, roads, paving, water and wastewater systems, drainage facilities, utilities, engineering, amenities, and other infrastructure necessary to develop the property for residential use. Certain infrastructure costs incurred by the Company may qualify for reimbursement from municipal utility districts ("MUDs") through future bond issuances and related reimbursement processes.

The Company also enters into financing arrangements to fund land acquisition and development activities prior to receiving proceeds from lot sales and MUD reimbursements. Accordingly, the timing of the Company's operating results and cash flows is significantly influenced by the timing of development activities, residential lot closings, MUD reimbursements, and the availability and repayment of project financing.

Basis of Accounting

The accompanying financial statements have been prepared on the income tax basis of accounting, which is a special purpose framework other than accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this basis, transactions and balances are generally recognized and measured using the methods used by the Company for federal income tax reporting. Accordingly, these financial statements are not intended to present financial position or results of operations in conformity with U.S. GAAP.

Cash and Cash Equivalents

The Company considers cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. At December 31, 2025, the Company's cash and cash equivalents consisted principally of funds held in a financial institution. The Company may, from time to time, maintain cash balances in excess of federally insured limits.

Reimbursable Costs from Municipal Utility Districts

The Company advances certain infrastructure costs, including water, sewer and drainage, paving, engineering, geotechnical, land and amenity-related costs, that may qualify for reimbursement by MUDs. The amount and timing of reimbursement depend on the applicable MUD's bond capacity, regulatory approval, reimbursement eligibility and timing of bond issuances. MUD reimbursable costs are reduced once the individual lots are sold and the cost basis is applied against the reimbursable cost balance. The Company reimbursements are received or as amounts are otherwise transferred or released in accordance with the Company's tax-basis accounting policies. At December 31, 2025, net MUD costs were $36,132,718.

Work in Process

Work in process consists primarily of land acquisition and development costs incurred in connection with the Company's residential development activities. Such costs include land acquisition costs and other direct and indirect development expenditures, including engineering, paving, utilities, amenities, property taxes, insurance, legal and consulting costs, management fees, financing costs, and capitalized interest, to the extent such amounts are treated as capitalizable costs for federal income tax purposes.

The Company accumulates these costs as part of the basis of the applicable development project in accordance with the income tax basis of accounting. As lots or other real estate are sold, the portion of accumulated project costs attributable to the property sold is relieved from work in process and recognized as cost of sales. The allocation of costs to lots sold is based on the Company's tax-basis cost allocation methodology and may include adjustments to reflect changes in estimated total project costs and the development status of the project.

Costs associated with infrastructure that are expected to be reimbursed by municipal utility districts are separately identified as MUD costs when appropriate.

Receivables

Receivables are recorded at their tax-basis carrying amounts. The Company evaluates the collectability of receivable balances based on the nature of the receivable, the financial condition of the counterparty, historical collection experience, subsequent receipts, and other relevant facts and circumstances.

Receivables are reduced when necessary for amounts management does not expect to collect. Management believes the receivables recorded at December 31, 2025 are collectible, and no reduction in carrying value was considered necessary.

Debt

Debt obligations are recorded at their outstanding principal balances. Interest and financing costs associated with borrowings are accounted for in accordance with the methods used by the Company for federal income tax reporting. To the extent permitted for income tax purposes, interest and other financing costs attributable to the acquisition and development of real estate are capitalized as part of the related development costs and are generally recognized as cost of sales as the related property is sold.

At December 31, 2025, the Company's debt obligations consist principally of the Domain loan and the Series 2025 Bond Financing Obligation. The specific terms, maturities, interest rates, collateral, and other significant provisions of these obligations are described in the accompanying debt note.

Capitalized Interest and Financing Costs

The Company capitalizes interest and certain financing costs to land-development projects to the extent required or permitted under the applicable federal income tax rules used in preparing these financial statements. As of December 31, 2025 there is $22,001,813 of capitalized interest and $6,028,669 of capitalized loan fees within work in process. No interest expense or loan-cost expense is presented separately in the 2025 statement of operations.

Revenue Recognition from Lot Sales

The Company generally recognizes revenue from sales of developed lots when the sale closes and title to the property is transferred to the buyer. Builder earnest money received before closing is recorded as a liability until the related closing occurs or the deposit is otherwise applied in accordance with the underlying agreement.

Land Development Costs and Cost of Sales

The Company accumulates land acquisition, development, engineering, paving, utility, amenity, project management, financing, and other qualifying project costs in work in process. Project costs are released to cost of sales as lots or phases are sold in accordance with the Company's income-tax-basis cost allocation methodology. At December 31, 2025, net work in process costs were $56,401,902.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Accordingly, federal taxable income or loss is generally passed through to the partners, and no provision for federal income taxes is included in the accompanying financial statements.

The Company is, however, subject to the Texas franchise tax. The Texas franchise tax is an entity-level tax imposed on taxable entities that are formed or doing business in the State of Texas. The tax is generally determined based on the Company’s taxable margin, as defined under Texas law. Accordingly, the Company’s classification as a pass-through entity for federal income tax purposes does not exempt it from the Texas franchise tax. For the year ended December 31, 2025, the Company recognized Texas franchise tax expense of $181,994.

Use of Estimates

The preparation of financial statements on the income tax basis of accounting requires management to make estimates and assumptions that affect reported amounts, including estimates related to project cost allocations, expected development costs, MUD reimbursements and the collectability of receivables. Actual results could differ from those estimates.

NOTE 2 - LAND DEVELOPMENT AND MUD COSTS

The Company acquires and develops land for the construction of residential communities and the eventual sale of developed lots to homebuilders. Development activities generally include the acquisition of land and the construction of roads, water and sewer systems, drainage facilities, utilities, amenities, and other infrastructure necessary to prepare sections of the development for the sale of residential lots.

Land Development Costs

Land development costs are accumulated in work in process during the development period. These costs include the original cost of the land and other costs directly associated with acquiring, financing, planning, and developing the property. Such costs include, among other items, engineering, paving, utilities, amenities, property taxes, insurance, legal and consulting costs, management fees, loan fees, and capitalized interest.

These costs remain in work in process until the related land or lots are sold. As lots are sold, the portion of accumulated land and development costs attributable to the property sold is removed from work in process and recognized as cost of sales in accordance with the Company's income tax basis cost-allocation methodology. Accordingly, the balance of work in process at any point in time represents the Company's remaining tax basis in land and development costs associated with property that has not yet been recognized as sold for financial reporting purposes.

At December 31, 2025, the Company's net work in process totaled $56,401,902. Significant components of the balance include land acquisition costs, capitalized interest and financing costs, management and development fees, amenities, utilities, paving, engineering, and other costs incurred in developing the River Ranch project.

Municipal Utility District Costs

A significant portion of the infrastructure required to develop River Ranch is constructed within municipal utility districts ("MUDs"). MUDs are governmental entities created under Texas law that, among other functions, facilitate the construction and financing of water, wastewater, drainage, roadway, and certain other infrastructure required to serve developing communities.

Under the applicable development and reimbursement arrangements, the Company initially provides the capital necessary to construct qualifying infrastructure. The Company separately accumulates costs that are expected to qualify for reimbursement by the applicable MUD, including costs associated with water, sewer and drainage facilities, paving, engineering, geotechnical work, land, and certain amenities.

Reimbursement generally occurs through proceeds generated from bonds issued by the applicable MUD. The timing and amount of reimbursement depend upon several factors outside the Company's direct control, including development within the district, growth in the district's taxable property values, available bond capacity, the eligibility of the underlying costs for reimbursement, regulatory approval, and the timing of the applicable bond issuance. Certain costs may be subject to limitations on reimbursement under applicable MUD and regulatory requirements.

The Company's MUD cost balance therefore represents the net amount of qualifying infrastructure costs accumulated by the Company that have not otherwise been reimbursed or relieved through the Company's project cost-allocation process. As reimbursements are received, the portion representing repayment of previously accumulated reimbursable costs reduces the any remaining MUD cost balance. Any excess over the remaining MUD cost balance is recorded as revenue. Any interest received in connection with a MUD reimbursement is recognized as revenue when received and determinable.

At December 31, 2025, the Company's net MUD costs totaled $36,132,718. The balance primarily relates to water, sewer and drainage infrastructure, paving, engineering, land, geotechnical work, and amenity-related costs associated with the River Ranch development.

NOTE 3 - LOAN RECEIVABLE - ANGEL LAGOON

The Company has provided funding to Angel Lagoon Ventures, LLC (“Angel Lagoon”), an affiliated entity, in connection with the development and operation of lagoon and related amenity improvements associated with the River Ranch development. Amounts advanced by the Company that are expected to be repaid by Angel Lagoon as lots are sold are recorded as a loan receivable in accordance with the Company’s income tax basis of accounting.

The loan receivable represents cumulative amounts advanced by the Company, net of repayments received, through December 31, 2025. These advances were made to fund costs and other cash requirements associated with Angel Lagoon and the related project activities. At December 31, 2025, the outstanding loan receivable from Angel Lagoon was $19,487,562.

Angel Lagoon is an affiliated entity, repayment of the receivable is dependent upon the future cash flows, lot sales, financing activities, and overall financial condition of Angel Lagoon. Management evaluates the collectability of the receivable based on the expected future operations of Angel Lagoon, anticipated sources of repayment, and other relevant facts and circumstances.

NOTE 4 - DEBT

The Company utilizes debt financing to fund the acquisition, development, and construction activities associated with the River Ranch development. Borrowings are used to provide capital for land acquisition, infrastructure construction, development expenditures, and other project-related costs incurred prior to the receipt of proceeds from lot sales and other sources of project cash flow.

At December 31, 2025, the Company’s outstanding debt obligations consisted of the following:

Credit Facility

The Company entered into a Loan Agreement (“Credit Facility”) on September 11, 2023 between the Company and DRP TX 1, LLC (“Domain”). The Loan Agreement provides for general development needs of the Company. The Company has a loan payable to Domain with an outstanding principal balance of $97,713,317 at December 31, 2025. The borrowing is used in connection with the financing of the River Ranch development and represents the Company’s largest outstanding financing obligation.

As of December 31, 2025 the loan bears interest at 13.5%, matures on September 11, 2026, and is secured substantially all of the Company's real estate and development assets. The agreement contains financial covenants, borrowing-base provisions, extension options, and guarantees.

Series 2025 Bond Financing Obligation

During 2025, the National Finance Authority issued Special Revenue Capital Appreciation Bonds related to the River Ranch development to finance certain public infrastructure costs. The bonds were issued at an aggregate value of approximately $69.1 million, accrete at 6.0% annually, and mature on December 1, 2031.

River Ranch One and the other participating developers assigned certain rights to future MUD reimbursements to RR Funding LLC, which in turn assigned those reimbursement rights as security for the bonds. Repayment of the bonds is expected to be funded from future MUD bond proceeds attributable to qualifying infrastructure costs.

At December 31, 2025, the Company recorded $45,259,129 related to its participation in the Series 2025 financing arrangement. The timing of repayment is dependent upon the future issuance of applicable MUD bonds and satisfaction of the related reimbursement requirements.

Interest and Financing Costs

Interest and financing costs incurred on debt used in connection with the Company's development activities are accounted for in accordance with the Company's income tax basis of accounting. To the extent capitalizable for federal income tax purposes, such amounts are included in work in process during the development period and are recognized as part of the cost of the related property as the applicable development costs are recovered through the sale of lots or other property.

At December 31, 2025, the Company's work in process included approximately $22.0 million of accumulated capitalized interest and approximately $6.0 million of accumulated loan fees and financing costs.

NOTE 5 - BUILDER EARNEST MONEY

The Company enters into contracts with homebuilders for the future purchase of developed residential lots within the River Ranch development. In connection with certain of these agreements, homebuilders are required to provide earnest money deposits prior to the closing and transfer of the related lots.

Amounts received from homebuilders are recorded as builder earnest money and classified as a liability until the applicable lot sale occurs or the deposit is otherwise resolved in accordance with the terms of the related purchase agreement. The deposits do not represent revenue when received because the Company has not yet completed the sale of the related property.

Upon closing of a lot sale, the applicable earnest money deposit is generally applied against the purchase price or otherwise settled as provided in the purchase agreement, and the Company recognizes the related lot-sale revenue in accordance with its revenue recognition policy. If a purchase agreement is terminated, the treatment of the related deposit depends upon the contractual terms of the agreement, including whether the amount is refundable to the homebuilder or may be retained by the Company.

At December 31, 2025, the Company had $1,286,659 of builder earnest money outstanding related to future lot closings.

NOTE 6 - PARTNERS' CAPITAL

The Company is organized as a limited partnership, and profits, losses, distributions, and other capital activity are allocated among the partners in accordance with the provisions of the partnership agreement.

At December 31, 2025, the Company had a partners' capital deficit of $31,856,773. The deficit position primarily reflects cumulative operating losses and distributions in excess of contributed capital and accumulated earnings. During the year ended December 31, 2025, the Company incurred a net loss of $64,332,486 and made $10,000,000 distributions to partners.

Partners' capital activity for the year ended December 31, 2025, was as follows:

Partners' capital, beginning of year	$ 42,475,713
Net loss	(64,332,486)
Distributions	(10,000,000)
Partners' capital, end of year	**$ (31,856,773)**

Ending partners' capital by partner, based on the Company's equity schedule, was:

RR Net, Ltd.	$ 7,230,495
River Ranch 1200, LLC	(7,616,619)
RAB TX Deals	(7,203,718)
RR1 GP, LLC	200
William Paul Connor Irrevocable Trust (CIRE)	(7,227,770)
Guss Akkawi	(360,787)
Baybren LP	(16,678,573)
Total	**$ (31,856,773)**

The partners' capital balances presented in the accompanying financial statements do not represent the partners' adjusted tax bases in their respective partnership interests. A partner's adjusted tax basis, commonly referred to as outside basis, is determined separately under the applicable provisions of the Internal Revenue Code and generally includes the partner's allocable share of qualifying partnership liabilities. Accordingly, a partner may have a negative capital account while continuing to have a positive adjusted tax basis in its partnership interest.

At December 31, 2025, the Company had approximately $143.0 million of outstanding debt, a portion of which is allocable among the partners for federal income tax purposes in determining their respective outside tax bases.

NOTE 7 - RELATED-PARTY AND AFFILIATE BALANCES

The Company and Angel Lagoon are affiliated entities through common ownership. Certain owners of River Ranch One Investments, Ltd. also hold ownership interests in Angel Lagoon, and as a result, transactions between the entities are considered related-party transactions.

During the course of development activities, the Company has provided funding to Angel Lagoon to support costs and other cash requirements associated with lagoon and related amenity activities benefiting the River Ranch development. Amounts advanced to Angel Lagoon are recorded as a loan receivable from an affiliated entity. At December 31, 2025, the outstanding balance due from Angel Lagoon was $19,487,562. See Note 3 for additional information regarding the nature and terms of the receivable.

NOTE 8 - CONCENTRATIONS AND BUSINESS RISK

The Company's assets and operations are concentrated in Texas land development. At December 31, 2025, MUD costs and WIP costs represented approximately 82% of total assets. Lot sales during 2025 were also concentrated by development phase: approximately $27.1 million, or 86% of total lot sales, related to Builder Phase 4. Changes in local housing demand, builder activity, interest rates, development costs, MUD reimbursement timing and the availability of financing could materially affect the Company's operating results and liquidity.

NOTE 9 - SUBSEQUENT EVENTS

On February 13, 2026 the Company executed the Fourth Amendment to Loan Agreement and Omnibus Amendment to Loan Document and the Amended and Restated Consolidated Secured Promissory Note $120 million increasing the Outstanding Advance Limit from $98 million to $120 million.

Management has evaluated subsequent events through September 2, 2026 the date the financial statements were available to be issued.