OFFICIAL STATEMENT DATED NOVEMBER 12, 2026

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

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

NEW ISSUE – Book Entry Only

S&P Global Ratings (AG Insured) ..... "AA"
See "MUNICIPAL BOND INSURANCE and "RATINGS."

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY

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

$2,425,000
Unlimited Tax Road Bonds
Series 2026

Dated Date: December 1, 2026
Interest Accrues from: Date of Delivery

Due: September 1, as shown on inside cover

The $2,425,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are obligations solely of Tradition Municipal Utility District No. 2C of Denton County (the "District") and are not obligations of the State of Texas; Denton County, Texas; the City of Justin, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Denton County, Texas; the City of Justin, Texas; or any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest accrues from the initial date of delivery (expected to be on or about December 10, 2026) (the "Date of Delivery"), and is payable on September 1, 2027, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

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

The Bonds constitute the second series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). Voters of the District authorized the issuance of the following: $333,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"), $275,860,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"), $499,882,500 principal amount of unlimited tax refunding bonds for Utility System purposes and $413,790,000 principal amount of unlimited tax refunding bonds for Road System purposes. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. INVESTMENT IN THE BONDS IS SUBJECT TO RISK FACTORS AS DESCRIBED HEREIN. See "RISK FACTORS."

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$2,425,000 Unlimited Tax Road Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 89268G (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 89268G (b)
2028	$ 35,000	7.500%	3.450%	CL6	2043 (c)	$ 90,000	5.000%	4.930%	DB7
2029	40,000	7.500%	3.550%	CM4	2044 (c)	85,000	5.000%	5.000%	DC5
2030	45,000	7.500%	3.650%	CN2	2045 (c)	85,000	5.000%	5.020%	DD3
2031	55,000	7.500%	3.750%	CP7	2046 (c)	90,000	5.000%	5.050%	DE1
2032	55,000	7.500%	3.850%	CQ5	2047 (c)	95,000	5.000%	5.080%	DF8
2033 (c)	65,000	7.500%	3.950%	CR3	2048 (c)	95,000	5.000%	5.110%	DG6
2034 (c)	70,000	5.000%	4.050%	CS1	2049 (c)	100,000	5.000%	5.140%	DH4
2035 (c)	75,000	5.000%	4.150%	CT9	2050 (c)	100,000	5.000%	5.170%	DJ0
2036 (c)	80,000	5.000%	4.250%	CU6	2051 (c)	100,000	5.000%	5.200%	DK7
2037 (c)	80,000	5.000%	4.350%	CV4	2052 (c)	100,000	5.000%	5.220%	DL5
2038 (c)	80,000	5.000%	4.450%	CW2	2053 (c)	105,000	5.125%	5.240%	DM3
2039 (c)	80,000	5.000%	4.550%	CX0	2054 (c)	105,000	5.125%	5.250%	DN1
2040 (c)	80,000	5.000%	4.650%	CY8	2055 (c)	105,000	5.125%	5.260%	DP6
2041 (c)	85,000	5.000%	4.750%	CZ5	2056 (c)	160,000	5.125%	5.270%	DQ4
2042 (c)	85,000	5.000%	4.850%	DA9					

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

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Financial Advisor (herein defined) or Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers.

(c) Bonds maturing on September 1, 2033, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on December 1, 2032, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C. ("Bond Counsel") for further information.

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

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

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

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..1
SALE AND DISTRIBUTION OF THE BONDS ..3
Award of the Bonds ..3
Prices and Marketability ..3
Securities Laws ..3
MUNICIPAL BOND INSURANCE ..3
Bond Insurance Policy ..3
Assured Guaranty Inc. ..3
RATINGS ..5
OFFICIAL STATEMENT SUMMARY ..6
SELECTED FINANCIAL INFORMATION ..10
INTRODUCTION ..11
RISK FACTORS ..11
General ..11
Factors Affecting Taxable Values and Tax Payments ..11
Increase in Costs of Building Materials and Labor Shortages ..12
Vacant Developed Lots ..12
Competitive Nature of Residential Housing Market ..13
Tax Collection Limitations ..13
Registered Owners' Remedies ..13
Bankruptcy Limitation to Registered Owners' Rights ..14
Marketability ..14
Future Debt ..14
Continuing Compliance with Certain Covenants ..15
Approval of the Bonds ..15
Environmental Regulations ..15
Potential Impact of Natural Disaster ..17
Future and Proposed Legislation ..18
The 90th Texas Legislature ..18
Changes in Legislation ..18
Bond Insurance Risk Factors ..18
Cybersecurity ..19
THE BONDS ..19
General ..19
Book-Entry-Only System ..20
Successor Paying Agent/Registrar ..22

Registration, Transfer and Exchange....22
Mutilated, Lost, Stolen or Destroyed Bonds....22
Redemption Provisions....22
Replacement of Bonds....23
Source of Payment....23
Outstanding Bonds....23
Authority for Issuance....23
Issuance of Additional Debt....24
No Arbitrage....24
Consolidation....24
Annexation....25
Funds....25
Defeasance....25
Legal Investment and Eligibility to Secure Public Funds in Texas....26
Registered Owners' Remedies....26
Use and Distribution of Bond Proceeds....27
THE DISTRICT....28
General....28
Description and Location....28
Management of the District....28
Investment Policy....28
Consultants....29
Fire and EMS Services....29
DEVELOPMENT OF THE DISTRICT....30
Status of Development within the District....30
Homebuilders within the District....30
PHOTOGRAPHS TAKEN IN THE DISTRICT....31
PHOTOGRAPHS TAKEN IN THE DISTRICT....32
THE DEVELOPER....33
Role of the Developer....33
Developer....33
Development Financing....34
Lot Sales Contracts....34
THE SYSTEM....35
General....35
Description of the System....35
Floodplain....35
Atlas 14....35
DISTRICT DEBT....36
Debt Service Requirement Schedule....37
Direct and Estimated Overlapping Debt Statement....38
Debt Ratios....38
TAXING PROCEDURES....39
Authority to Levy Taxes....39
Property Tax Code and County-Wide Appraisal District....39
Property Subject to Taxation by the District....40
Valuation of Property for Taxation....41
Tax Abatement....42
Agricultural, Open Space, Timberland and Inventory Deferment....42
Notice and Hearing Procedures....42
District and Taxpayer Remedies....42
Rollback of Operation and Maintenance Tax Rate....43
Levy and Collection of Taxes....43
District's Rights in the Event of Tax Delinquencies....44
TAX DATA....44
General....44
Tax Rate Limitation....45
Debt Service Taxes....45
Maintenance Taxes....45
Tax Exemption....45
Additional Penalties....45
Historical Tax Collections....45
Tax Rate Distribution....46
Analysis of Tax Base....46
Principal Taxpayers....46
Tax Rate Calculations....47
Estimated Overlapping Taxes....47
LEGAL MATTERS....48
Legal Opinions....48
No-Litigation Certificate....48
No Material Adverse Change....48
TAX MATTERS....48
Tax Exemption....48
Federal Income Tax Accounting Treatment of Original Issue Discount....49
Collateral Federal Income Tax Consequences....50
Qualified Tax-Exempt Obligations....50
CONTINUING DISCLOSURE OF INFORMATION....50
Annual Reports....50
Event Notices....51
Availability of Information from EMMA....51
Limitations and Amendments....52
Compliance with Prior Undertaking....52
OFFICIAL STATEMENT....52
General....52
Experts....52
Certification as to Official Statement....53
Updating of Official Statement....53
CONCLUDING STATEMENT....53

APPENDIX A – Financial Statements of the District

APPENDIX B – Specimen Municipal Bond Insurance Policy

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by Robert W. Baird, Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.000000% of the principal amount thereof, which resulted in a net effective interest rate of 5.284093%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER–ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG

is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At September 30, 2026:

- The policyholders' surplus of AG was approximately $3,102 million.
- The contingency reserve of AG was approximately $1,599 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,415 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

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

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

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

(iv) he Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 (filed by AGL with the SEC on November 6, 2026).

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

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

Miscellaneous Matters

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

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by AG at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any rating assigned to the Bonds other than the rating discussed above.

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OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District ..... Tradition Municipal Utility District No. 2C of Denton County (the "District"), a political subdivision of the State of Texas, is located within Denton County, Texas, within the extraterritorial jurisdiction of the City of Justin, Texas (the "City"). See "THE DISTRICT."

The Bonds ..... The District is issuing its $2,425,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"). The Bonds are dated December 1, 2026 and mature on September 1 in each of the years and principal amounts set forth on the inside cover page. Interest accrues from the initial date of delivery (expected to be on or about December 10, 2026) (the "Date of Delivery"), at the rates per annum set forth on the inside cover page and is payable on September 1, 2027, and on each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."

Redemption ..... Bonds maturing on and after September 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District on December 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions."

Source of Payment ..... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Denton County, Texas; the City of Justin, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."

Outstanding Bonds ..... The District has previously issued two (2) series of unlimited tax bonds, as follows: $11,950,000 Unlimited Tax Road Bonds, Series 2025 and $5,675,000 Unlimited Tax Utility Bonds, Series 2026. As of the Date of Delivery, $17,625,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

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

Authority for Issuance ..... Voters of the District have authorized the District's issuance of a total of $333,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"); $275,860,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"); $499,882,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by

the District for the Utility System; and $413,790,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); (iii) Chapter 8189, Texas Special District Law Code; (iv) an election held on November 8, 2022; (v) an order providing for the terms for the division of Tradition Municipal Utility District No. 2A of Denton County ("Tradition MUD 2A"); and (vi) the Division Election creating the District held on November 7, 2023.

The Bonds represent the second series of bonds to be issued for the purpose of constructing, acquiring, improving, maintaining, and operating the Road System. Following the issuance of the Bonds, $327,580,000 principal amount of unlimited tax bonds for the purpose of constructing, acquiring, improving, maintaining, and operating the Utility System, $261,485,000 principal amount of unlimited tax bonds for the purpose of constructing, acquiring, improving, maintaining, and operating the Road System, $413,790,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System, and $499,882,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System will remain authorized but unissued.

Use of Bond Proceeds..... Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for the construction costs set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." Additionally, proceeds from the Bonds will be used to pay developer interest, twelve (12) months of capitalized interest and certain other costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

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

Municipal Bond Insurance..... Assured Guaranty Inc. ("AG"). See "MUNICIPAL BOND INSURANCE" above.

Ratings ..... S&P Global Ratings (AG Insured): "AA." See "RATINGS."

Bond Counsel..... Coats Rose, P.C., Dallas, Texas.

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

Financial Advisor..... Cedar Creek Municipal Advisors, LLC, Dallas, Texas.

THE DISTRICT

Description..... The District was created as a result of the division of Tradition MUD 2A, which was created as a result of the division of the Tradition Municipal Utility District No. 2 of Denton County (the "Original District"). The Original District was created by Special Act of the 80th Texas Legislature under House Bill No. 3182, which passed and became effective September 1, 2007, as a municipal utility district.

On December 18, 2007, the City Council of the City of Fort Worth, Texas adopted Resolution No. 3568-12-2007, consenting to the creation of the Original District. Subsequent to this consent, on May 11, 2021 and on April 26, 2021, the City of Fort Worth and the City respectively, adopted Joint Resolution No. 5395-05-2021 and Joint Resolution No. 551-21, releasing Tradition MUD 2A from the City of Fort Worth's extraterritorial jurisdiction and including Tradition MUD 2A into the City's extraterritorial jurisdiction. On April 26, 2021 the City's City Council adopted Resolution No. 555-21, consenting to the division of Tradition MUD 2A, and through an election held on November 7, 2023, Tradition MUD 2A was divided, creating the District and Tradition Municipal Utility District No. 2D of Denton County. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas applicable to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, as amended. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality ("TCEQ"); and Chapter 8189, Texas Special District Local Laws Code. At the time of creation, the District contained approximately 709.93 acres. On January 16, 2024, an additional approximately 105.32 acres were annexed into the District. On February 13, 2026, approximately 2.84 acres were excluded from the District, and an additional 72.94 acres were simultaneously annexed into the District. The District currently consists of approximately 885.35 acres. See "THE DISTRICT."

Location..... The District is located in Denton County, approximately 22 miles northwest of the City of Fort Worth, Texas. The District is located entirely within the extraterritorial jurisdiction of the City. See "THE DISTRICT – Description and Location."

Developer..... HWC Justin 407, LLC, a Texas limited liability company, was formed for the purpose of acquiring and holding for investment and sale tracts of land, including approximately 811 acres of land in the District by and through its affiliate entities (collectively, the "Treeline Affiliates"), which are Treeline Phase 1, LLC, a Texas limited liability company, Treeline Phase 2A-1, LLC, a Texas limited liability company, Treeline Phase 2A-2, LLC, a Texas limited liability company, Treeline Phase 2B, LLC, a Texas limited liability company, LLC Treeline Phase 3, LLC, a Texas limited liability company, and Treeline Model Homes, LLC, a Texas limited liability company. The sole member of the Treeline Affiliates is HWC Justin 407, LLC, a Texas limited liability company. HWC Justin 407, LLC has determined the overall development plan for such land in the District and arranged for financing the construction of water, sewer, drainage, and road facilities within the District either directly or through affiliate entities.

Throughout this Official Statement, HWC Justin 407, LLC and the Treeline Affiliates are referred to collectively as the "Developer."

The Developer is controlled and managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 30 years of experience developing land in Texas. Hillwood Residential Services L.P. is an affiliate of Hillwood

Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities. See "THE DEVELOPER."

Development within the District..... The District is being developed as the single-family residential communitiy of Treeline. To date, approximately 102.89 acres have been developed as 708 single-family lots within the following single-family residential subdivisions in the District: Treeline, Phase 1.

As of October 1, 2026, the District included approximately 301 completed homes (233 occupied homes, 60 unoccupied homes, and 8 model homes), approximately 40 homes under construction, and approximately 360 vacant developed lots available for home construction. See "RISK FACTORS – Vacant Developed Lots."

The remaining land within the District is comprised of approximately 657.83 undeveloped but developable acres and approximately 124.63 undevelopable acres. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Homebuilders..... Homebuilders active within the District include DR Horton Homes, Beazer Homes, American Legend Homes, Weekley Homes, HistoryMaker Homes and Highland Homes. Homes within the District range in price from approximately $405,000 to approximately $540,000 and in size from approximately 2,150 square feet to approximately 3,060 square feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Certified Taxable Assessed Valuation	$ 121,433,108	(a)
Estimate of Value as of March 1, 2026	$ 164,136,720	(b)
Direct Debt:		
The Outstanding Bonds	$ 17,625,000	
The Bonds	2,425,000	
Total	$ 20,050,000	
Estimated Overlapping Debt	$ 9,428,267	(c)
Total Direct and Estimated Overlapping Debt	$ 29,478,267	(c)
Direct Debt Ratios:		
As a Percentage of 2026 Certified Taxable Assessed Valuation	16.51 %	
As a Percentage of Estimate of Value as of March 1, 2026	12.22 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2026 Certified Taxable Assessed Valuation	24.28 %	
As a Percentage of Estimate of Value as of March 1, 2026	17.96 %	
Utility System Debt Service Fund Balance (as of October 9, 2026)	$ 406,160	(d)
Road System Debt Service Fund Balance (as of October 9, 2026)	$ 470,088	(e)
General Operating Fund Balance (as of October 9, 2026)	$ 466,334	
2026 Tax Rate:		
Utility System Debt Service	$0.16	
Road System Debt Service	0.47	
Maintenance and Operations	0.57	
Total	$1.20	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2056)	$ 1,250,167	(f)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2053)	$ 1,297,375	(f)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2056):		
Based on 2026 Certified Taxable Assessed Valuation at 95% Tax Collections	$1.09	
Based on Estimate of Value as of March 1, 2026 at 95% Tax Collections	$0.81	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2053):		
Based on 2026 Certified Taxable Assessed Valuation at 95% Tax Collections	$1.13	
Based on Estimate of Value as of March 1, 2026 at 95% Tax Collections	$0.84	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Denton Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Such value reflects the addition of value of new construction within the District from January 1, 2026 to March 1, 2026. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Road System, such as the Bonds.

(e) Twelve (12) months of capitalized interest will be deposited into the Road System Debt Service Fund (defined herein) upon closing of the Bonds. Such amount is not included in the figure above. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System.

(f) See "DISTRICT DEBT – Debt Service Requirement Schedule."

OFFICIAL STATEMENT
relating to
TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
(A Political Subdivision of the State of Texas, located within Denton County)

$2,425,000
Unlimited Tax Road Bonds
Series 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Tradition Municipal Utility District No. 2C of Denton County (the "District") of its $2,425,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); (iii) Chapter 8189, Texas Special District Law Code; (iv) an election held on November 8, 2022; (v) an order providing for the terms for the division of Tradition Municipal Utility District No. 2A of Denton County ("Tradition MUD 2A"); and (vi) the Division Election creating the District held on November 7, 2023.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District, the Developer (defined herein), and certain reports and other statistical data. The summaries and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive, or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas; Denton County, Texas; the City of Justin, Texas (the "City"); or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The District is situated in the Dallas/Fort Worth, Texas area and the rate of development of the District is directly related to the vitality of the residential housing industry in said metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Developer: There is no commitment by, or legal requirement of, the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no

representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers and the Developer: The top principal taxpayers represent approximately 38.23% ($46,428,969) of the 2026 Certified Taxable Assessed Valuation, which represents ownership as of January 1, 2026. The Developer represents a total of $18,468,741 or 15.21% of such value. If the Developer or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Certified Taxable Assessed Valuation of property located within the District is $121,433,108 and the Estimate of Value as of March 1, 2026, is $164,136,720. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds is $1,297,375 (2053) and the average annual debt service requirement on the Outstanding Bonds and the Bonds is $1,250,167 (2027-2056). Assuming no decrease to the 2026 Certified Taxable Assessed Valuation, tax rates of $1.13 and $1.09 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of March 1, 2026, tax rates of $0.84 and $0.81 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

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

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the Developer' ability to construct utility and road facilities homebuilders' ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Vacant Developed Lots

As of October 1, 2026, approximately 367 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Competitive Nature of Residential Housing Market

The residential housing industry in the Dallas-Fort Worth, Texas, area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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 (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired 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. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the 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 the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until 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 applicable, 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 the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

At an election held on November 8, 2022, voters of the District authorized the District's issuance of: a total of $333,255,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring a water, sewer, and drainage system to serve the District (the "Utility System"); $275,860,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"); $499,882,500 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and $413,790,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. At an election held on May 3, 2025, voters of the District authorized the District's issuance of: a total of $34,740,000 principal amount of unlimited tax bonds for the provision of fire protection services to the District; and $52,110,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for fire protection services.

The Bonds represent the second series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: a total of $327,580,000 for the purpose of acquiring or constructing the Utility System; $261,485,000 for the purpose of acquiring or constructing the Road System; $499,882,500 for the purpose of refunding bonds issued by the District for the Utility System; $413,790,000 for the purpose of refunding bonds issued by the District for the Road System; $34,740,000 principal amount of unlimited tax bonds for the provision of fire protection services to the District; and $52,110,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for fire protection services.

The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS – Issuance of Additional Debt."

The District's issuance of unlimited tax bonds authorized for the Utility System, is subject to approval by the TCEQ. The District's issuance of unlimited tax bonds authorized for the Road System, such as the Bonds, is not subject to approval from the TCEQ.

Based upon calculations and information provided by the District's Engineer, following reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately $19,600,000 for expenditures to construct the Utility System and approximately $16,100,000 for its expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the District and surrounding area. Under the Clean Air Act ("CAA") Amendments of 1990, the Dallas-Fort Worth area ("DFW Area")—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties, and Rockwall County for the purposes of the 2008 Ozone Standards only—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent

promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While Texas has been able to demonstrate steady progress and improvements in air quality in the DFW Area, the DFW Area remains subject to CAA nonattainment requirements.

The DFW Area is currently designated as a serious ozone nonattainment area under the 1997 Ozone Standards. On June 24, 2019, the EPA proposed approval of redesignation of the DFW to "attainment" for the 1997 Ozone Standards, which would terminate the serious nonattainment area "anti-backsliding" requirements and leave the DFW Area subject only to the nonattainment area requirements under the 2008 Ozone Standard and the 2015 Ozone Standard.

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. As the DFW Area is now designated a "severe" nonattainment area, it must meet the attainment date of July 20, 2027 with an attainment year of 2026. The "severe" nonattainment classification provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "marginal" to "moderate" under the 2015 Ozone Standard, effective November 7, 2022. The attainment deadline for the DFW Area under the 2015 Ozone Standard is August 3, 2024, with an attainment year of 2023.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the DFW Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the DFW Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the DFW Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the DFW Area's economic growth and development. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2023, addressing the "moderate" nonattainment classification and by May 2024 addressing the "severe" nonattainment classification.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts or other types of special purpose 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), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district or other types of special purpose districts must comply may have an impact on the special purpose 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 January 24, 2019. 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 "water 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 and other types of special purpose districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Potential Impact of Natural Disaster

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

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

Future and Proposed Legislation

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

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

The 90th Texas Legislature

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

Changes in 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. In addition, changes in Texas or federal law and regulations, whether currently proposed or proposed in the future, may directly or indirectly affect the ability of the Developer to complete the development of the District, may alter the manner in which development in the District occurs, may change the legal and regulatory requirements imposed upon development in the District or may affect the ongoing operation of the District. 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 tax legislation, and should also consult with their own advisors with respect to any proposed, pending, or future legislation that may affect the development or ongoing operation of the District.

Bond Insurance Risk Factors

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATINGS."

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

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

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.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. Copies of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated December 1, 2026 and will mature on September 1 in each of the years and in principal amounts, and will bear interest from the initial date of delivery (expected to be on or about December 10, 2026) (the "Date of Delivery") at the rates per annum, set forth on the inside cover page of this Official Statement and will be payable on September 1, 2027, and semiannually thereafter on each March 1 and September 1 until maturity or redemption.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest

on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

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

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

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

The information in the 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 thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same series and maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Redemption Provisions

Bonds maturing on September 1, 2033, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on December 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown

on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all, or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Bonds

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

Source of Payment

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 located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Denton County, Texas; the City; or any entity other than the District.

Outstanding Bonds

The District has previously issued two (2) series of unlimited tax bonds, as follows: $11,950,000 Unlimited Tax Road Bonds, Series 2025 and $5,675,000 Unlimited Tax Utility Bonds, Series 2026. As of the Date of Delivery, $17,625,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds").

Authority for Issuance

The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (ii) the Bond Order; (iii) Chapter 8189, Texas Special District Law Code; (iv) an election held on November 8, 2022; (v) an order providing for the terms for the division of Tradition MUD 2A; and (vi) the Division Election creating the District held on November 7, 2023.

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.

At an election held the District on November 8, 2022, an order providing for the terms for the division of Tradition MUD 2A, and a division election held within the District on November 7, 2023, voters of the District authorized the following principal amount of unlimited tax bonds to be issued by the District:

Election Date	Purpose	Amount Authorized	Issued to Date	The Bonds		Remaining Unissued
11/08/2022	Utility System	$ 333,255,000	$ 5,675,000	$ -		$ 327,580,000
11/08/2022	Utility System Refunding	499,882,500	-	-		499,882,500
11/08/2022	Road System	275,860,000	11,950,000	2,425,000	(a)	261,485,000
11/08/2022	Road System Refunding	413,790,000	-	-		413,790,000

(a) The Bonds.

Issuance of Additional Debt

The District intends to issue additional bonds with the approval of the TCEQ (with respect to the bonds issued for the purpose of acquiring or constructing the Utility System) necessary to provide improvements and facilities consistent with the purposes for which the District was created.

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: a total of $327,580,000 for the purpose of acquiring or constructing the Utility System; $261,485,000 for the purpose of acquiring or constructing the Road System; $499,882,500 for the purpose of refunding bonds issued by the District for the Utility System; $413,790,000 for the purpose of refunding bonds issued by the District for the Road System; $34,740,000 principal amount of unlimited tax bonds for the provision of fire protection services to the District; and $52,110,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for fire protection services.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued for the Utility System, approved by the TCEQ).

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining $327,580,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Utility System will be sufficient to fully finance utility facilities to serve the remaining undeveloped but developable land within the District and the remaining total $261,485,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Road System will be sufficient to fully finance road facilities to serve the remaining undeveloped but developable land within the District.

Based upon calculations and information provided by the Developer, following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately $19,600,000 for expenditures to construct the Utility System and approximately $16,100,000 for its expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District.

No Arbitrage

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

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 system 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.

Annexation

The District lies within the extraterritorial jurisdiction of the City. Under current law, certain portions of the District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur. The Bond Order provides for the termination of the pledge of taxes to the Bonds upon annexation and dissolution by a city.

The District and the City have previously entered into a Strategic Partnership Agreement, effective May 22, 2025 ("SPA"). Under the SPA, the City agreed to annex the property in the District for certain limited purposes, as provided under Sections 43.0751, Texas Local Government Code, and agreed not to annex the property in the District for full purposes until (i) 100% of the land in the District has been developed with water, sewer, sanitary sewer, and drainage facilities and roads and (ii) the District has issued bonds to fully reimburse the developer of such facilities and associated reimbursable expenses to the fullest extent allowed under the then current rules of the TCEQ.

Funds

The Bond Order confirms the District's fund for debt service on the Bonds, the Outstanding Road Bonds and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). Twelve (12) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of bonds issued for the Road System, and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Defeasance

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

payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

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

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of 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.

Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds will be used to reimburse the Developer (defined herein) for a portion of the construction costs set out below. Proceeds of the Bonds will also be used to pay developer interest, twelve (12) months of capitalized interest and general costs of issuance associated with the Bonds.

Construction Costs		**District's Share**
1.	Treeline, 1A, 1B, 1C and 1D – Utility	$ 97,371
2.	Treeline 1C, 1D Utility and Paving	1,711,000
Total Construction Costs		**$ 1,808,371**
Non-Construction Costs		
1.	Legal Fees	$ 72,750
2.	Fiscal Agent Fees	48,500
3.	Interest	
	a. Capitalized Interest (12 Months)	129,219
	b. Developer Interest	224,231
4.	Bond Discount (3.00%)	72,750
5.	Bond Issuance Expenses	47,598
6.	Bond Engineering Report Cost	15,000
7.	Attorney General Fee	2,425
8.	Contingency (a)	4,156
Total Non-Construction Costs		**$ 616,629**
TOTAL BOND ISSUE REQUIREMENT		**$ 2,425,000**

(a) Represents the difference between actual and allotted Capitalized Interest.

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

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THE DISTRICT

General

The District was created as a result of the division of Tradition MUD 2A, which was created as a result of the division of the Tradition Municipal Utility District No. 2 (the "Original District"). The Original District was created by Special Act of the 80th Texas Legislature under House Bill No. 3182, which passed and became effective September 1, 2007, as a municipal utility district. On December 18, 2007, the City Council of the City of Fort Worth, Texas adopted Resolution No. 3568-12-2007, consenting to the creation of the Original District. Subsequent to this consent, on May 11, 2021 and on April 26, 2021, the City of Fort Worth and the City respectively, adopted Joint Resolution No. 5395-05-2021 and Joint Resolution No. 551-21, releasing Tradition MUD 2A from the City of Fort Worth's extraterritorial jurisdiction and including Tradition MUD 2A into the City's extraterritorial jurisdiction. On April 26, 2021 the City's City Council adopted Resolution No. 555-21, consenting to the division of Tradition MUD 2A, and through an election held on November 7, 2023, Tradition MUD 2A was divided, creating the District and Tradition Municipal Utility District No. 2D of Denton County.

The rights, powers, privileges, authority, and functions of the District are established by Chapter 8189, Texas Special District Law Code, the general laws of the State of Texas applicable to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, as amended. The District is subject to the continuing supervision of the TCEQ.

Description and Location

The District is located in Denton County, approximately 22 miles northwest of the City of Fort Worth, Texas. The District is located entirely within the extraterritorial jurisdiction of the City. At the time of creation, the District contained approximately 709.93 acres. On January 16, 2024, an additional approximately 105.32 acres were annexed into the District. . On February 13, 2026, approximately 2.84 acres were excluded from the District, and an additional 72.94 acres were simultaneously annexed into the District. The District currently consists of approximately 885.35 acres.

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the Directors own property within the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term Expires May
Jason Wight	President	2028
Kevin Crews	Vice President	2028
Craig Barnes	Secretary	2030
Doug Powell	Assistant Secretary	2028
Clay Densmore	Assistant Secretary	2030

Investment Policy

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

Consultants

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

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

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

Financial Advisor: Cedar Creek Municipal Advisors, LLC, is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Tax Assessor/Collector: The tax assessor/collector for the District is Dawn Waye, the Denton County Tax Assessor/Collector (the "Tax Assessor/Collector").

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

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended April 30, 2026. See "APPENDIX A" for a copy of the District's April 30, 2026 audited financial statements.

Engineer: The District's engineer is Westwood Professional Services, Inc. (the "Engineer").

Fire and EMS Services

The District has entered into an agreement with the City to provide law enforcement and fire-fighting services to residents of the District. At an election held on May 3, 2025, voters of the District authorized the District's issuance of: a total of $34,740,000 principal amount of unlimited tax bonds for the provision of fire protection services to the District; and $52,110,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for fire protection services.

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

The District is being developed as the single-family residential community of Treeline. To date, approximately 102.89 acres have been developed as 708 single-family lots within Treeline, Phase 1.

As of October 1, 2026, the District included approximately 301 completed homes (233 occupied homes, 60 unoccupied homes, and 8 model homes), approximately 40 homes under construction, and approximately 367 vacant developed lots available for home construction. See "RISK FACTORS – Vacant Developed Lots."

The remaining land within the District is comprised of approximately 657.83 undeveloped but developable acres and approximately 124.63 undevelopable acres.

The table below summarizes the status of development and land use within the District as of October 1, 2026.

Section	Acreage	No. of Lots	Homes Completed	Homes Under Construction	Vacant Lots
Treeline, Phase 1	124.63	708	301	40	367
Totals	124.63	708	301	40	367 (a)
Under Development	0.00				
Undevelopable	124.63				
Remaining Developable	657.83				
Total District Acreage	885.35				

(a) See "RISK FACTORS – Vacant Developed Lots."

Homebuilders within the District

Homebuilders active within the District include DR Horton Homes, Beazer Homes, American Legend Homes, Weekley Homes, HistoryMaker Homes and Highland Homes. Homes within the District range in price from approximately $405,000 to approximately $540,000 and in size from approximately 2,150 square feet to approximately 3,060 square feet.

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PHOTOGRAPHS TAKEN IN THE DISTRICT

(April 2026)













PHOTOGRAPHS TAKEN IN THE DISTRICT

(April 2026)













THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

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

Neither the Developer (herein defined), nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Developer

HWC Justin 407, LLC, a Texas limited liability company, was formed for the purpose of acquiring and holding for investment and sale tracts of land, including approximately 811 acres of land in the District by and through its affiliate entities (collectively, the "Treeline Affiliates"), which are Treeline Phase 1, LLC, a Texas limited liability company, Treeline Phase 2A-1, LLC, a Texas limited liability company, Treeline Phase 2A-2, LLC, a Texas limited liability company, Treeline Phase 2B, LLC, a Texas limited liability company, LLC Treeline Phase 3, LLC, a Texas limited liability company, and Treeline Model Homes, LLC, a Texas limited liability company. The sole member of the Treeline Affiliates is HWC Justin 407, LLC, a Texas limited liability company. HWC Justin 407, LLC has determined the overall development plan for such land in the District and arranged for financing the construction of water, sewer, drainage, and road facilities within the District either directly or through affiliate entities.

Throughout this Official Statement, HWC Justin 407, LLC and the Treeline Affiliates are referred to collectively as the "Developer."

The Developer is controlled and managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 30 years of experience developing land in Texas. Hillwood Residential Services L.P. is an affiliate of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses, and major air facilities.

Development Financing

The Developer has financed the development of portions of the land within the District with the outstanding loans detailed below:

On December 30, 2025, the Developer entered into a line of credit from Third Coast Bank SSB for the development of the remaining work for Treeline Phase 1 and certain infrastructure of Treeline Phase 3. The loan's maximum principal amount is $60,000,000, and it bears interest at SOFR plus 2.75%. Such loan matures on December 30, 2028, and is secured by certain land owned by the Developer within the District. As of September 30, 2026, the balance on such loan was $33,783,581.

According to the Developer, it is in compliance with all material terms of the loan.

Lot Sales Contracts

The Developer, through its subsidiary entities, has entered into lot sales contracts with each of DR Horton Homes, Beazer Homes, American Legend Homes, David Weekley Homes, HistoryMaker Homes, Highland Homes, Pulte Homes, and Tripointe Homes. The contracts for the sale of lots between the Developer and the builders requires that earnest money be deposited with a title company, typically 15% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

According to the Developer, each of the builders is in compliance with their respective lot sale contracts. As of October 26, 2026, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
American Legend Homes	62	62
Beazer Homes	79	79
David Weekley Homes	62	62
D.R. Horton Homes	88	88
Highland Homes	94	68
History Maker Homes	90	64
Pulte Homes	76	76
Tripointe Homes	95	51
Totals	**646**	**550**

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THE SYSTEM

General

The District will provide water, wastewater and drainage and roadway improvements to the District. According to the Engineer, the Utility System is being designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, Denton County, Texas. According to the Engineer, the design of such facilities has been approved by all required governmental agencies and the TCEQ.

Description of the System

Water Supply and Distribution: The District has constructed water improvements to serve the District. The District is in an area for which the City of Justin holds the CCN No. 10167. The City will provide retail water supply to the residents of the District. Upon final acceptance by the City of Justin, all water distribution infrastructure will be handed over to the City who will own and maintain it. The District is currently capable of serving 744 equivalent single-family connections ("ESFCs") within the District.

Wastewater Collection and Treatment: The District has constructed wastewater collection improvements to serve the District. The District is working with the City of Justin to be annexed into their sewer CCN No. 20061. The City will provide retail sewer service to the residents of the District. Upon final acceptance by the City of Justin, all wastewater collection infrastructure will be handed over to the City who will own and maintain it. The City uses the Trinity River Authority Denton Creek Regional Wastewater Treatment Plant for their wastewater treatment. The District is currently capable of serving 744 equivalent single-family connections ("ESFCs") within the District.

Drainage: The District has constructed drainage infrastructure improvements to serve the District. All storm sewer infrastructure will be owned and maintained by the District.

Roads: The District has constructed roadway improvements to serve the District. The District obtained road powers during creation, and will own and maintain all roadway infrastructure.

Floodplain

The Flood Insurance Rate Maps ("FIRMs") provided by the Federal Emergency Management Agency ("FEMA") indicates that approximately 100 acres of land within the District are located within the floodplain Zone "AE." No development is expected to occur on such land.

Atlas 14

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

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DISTRICT DEBT

2026 Certified Taxable Assessed Valuation	$ 121,433,108	(a)
Estimate of Value as of March 1, 2026	$ 164,136,720	(b)
Direct Debt:		
The Outstanding Bonds	$ 17,625,000	
The Bonds	2,425,000	
Total	$ 20,050,000	
Estimated Overlapping Debt	$ 9,428,267	(c)
Total Direct and Estimated Overlapping Debt	$ 29,478,267	(c)
Direct Debt Ratios:		
As a Percentage of 2026 Certified Taxable Assessed Valuation	16.51 %	
As a Percentage of Estimate of Value as of March 1, 2026	12.22 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2026 Certified Taxable Assessed Valuation	24.28 %	
As a Percentage of Estimate of Value as of March 1, 2026	17.96 %	
2026 Tax Rate:		
Utility System Debt Service	$0.16	
Road System Debt Service	0.47	
Maintenance and Operations	0.57	
Total	$1.20	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2056)	$ 1,250,167	(d)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2053)	$ 1,297,375	(d)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2056):		
Based on 2026 Certified Taxable Assessed Valuation at 95% Tax Collections	$1.09	
Based on Estimate of Value as of March 1, 2026 at 95% Tax Collections	$0.81	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2053):		
Based on 2026 Certified Taxable Assessed Valuation at 95% Tax Collections	$1.13	
Based on Estimate of Value as of March 1, 2026 at 95% Tax Collections	$0.84	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
(b) Such value reflects the addition of value of new construction within the District from January 1, 2026 to March 1, 2026. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."
(c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
(d) See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements on the Outstanding Bonds and the Bonds as of the Date of Delivery of the Bonds. Totals may not sum due to rounding.

		The Bonds			
Calendar Year	Outstanding Debt Service	Principal	Interest	Total New Debt Service	Total Debt Service
2027	$ 1,085,255	$ -	$ 93,684	$ 93,864	$ 1,178,938
2028	1,113,731	35,000	129,219	164,219	1,277,950
2029	1,110,206	40,000	126,594	166,594	1,276,800
2030	1,105,706	45,000	123,594	168,594	1,274,300
2031	1,100,231	55,000	120,219	175,219	1,275,450
2032	1,098,781	55,000	116,094	171,094	1,269,875
2033	1,091,031	65,000	111,969	176,969	1,268,000
2034	1,087,306	70,000	107,094	177,094	1,264,400
2035	1,087,281	75,000	103,594	178,594	1,265,875
2036	1,082,631	80,000	99,844	179,844	1,262,475
2037	1,084,619	80,000	95,844	175,844	1,260,463
2038	1,096,819	80,000	91,844	171,844	1,268,663
2039	1,097,819	80,000	87,844	167,844	1,265,663
2040	1,107,594	80,000	83,844	163,844	1,271,438
2041	1,105,694	85,000	79,844	164,844	1,270,538
2042	1,112,488	85,000	75,594	160,594	1,273,081
2043	1,117,513	90,000	71,344	161,344	1,278,856
2044	1,126,000	85,000	66,844	151,844	1,277,844
2045	1,132,950	85,000	62,594	147,594	1,280,544
2046	1,132,519	90,000	58,344	148,344	1,280,863
2047	1,135,463	95,000	53,844	148,844	1,284,306
2048	1,141,813	95,000	49,094	144,094	1,285,906
2049	1,146,338	100,000	44,344	144,344	1,290,681
2050	1,148,731	100,000	39,344	139,344	1,288,075
2051	1,159,288	100,000	34,344	134,344	1,293,631
2052	1,162,200	100,000	29,344	129,344	1,291,544
2053	1,168,031	105,000	24,344	129,344	1,297,375
2054	1,171,550	105,000	18,963	123,963	1,295,513
2055	1,177,756	105,000	13,581	118,581	1,296,338
2056	371,419	160,000	8,200	168,200	539,619
Total	$32,858,761	$ 2,425,000	$ 2,221,240	$ 4,646,240	$ 37,505,001

Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2027-2056) $1,250,167

Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2053) $1,297,375

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Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	September 30, 2026	Percent	Amount
Denton County	$ 700,610,000	0.06%	$ 394,243
Northwest Independent School District	2,934,395,000	0.31	9,034,024
Total Estimated Overlapping Debt			$ 9,428,267
Direct Debt (a)			$ 17,625,000
Total Direct and Estimated Overlapping Debt (a)			$ 29,478,267

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

Direct Debt Ratios (a):	
As a Percentage of 2026 Certified Taxable Assessed Valuation	16.51 %
As a Percentage of Estimate of Value as of March 1, 2026	12.22 %
Direct and Estimated Overlapping Debt Ratios (a):	
As a Percentage of 2026 Certified Taxable Assessed Valuation	12.22 %
As a Percentage of Estimate of Value as of March 1, 2026	17.96 %

(a) Includes the Bonds and the Outstanding Bonds.

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TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Property Tax Code (defined herein) relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. Reference is made to the Property Tax Code for more complete information, including the identification of property subject to taxation; property exempt, or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such taxes from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. The District levied a 2026 total tax rate of $1.20 per $100 of assessed valuation composed of $0.16 per $100 of assessed valuation for Utility System debt service, $0.47 per $100 of assessed valuation for Road System debt service and $0.57 per $100 of assessed valuation for operation and maintenance purposes. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

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

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation

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

Property Subject to Taxation by the District

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

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

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

Freeport Goods Exemption and "Goods-in-Transit": A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be

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

Valuation of Property for Taxation

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

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.

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

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

Tax Abatement

Denton County may designate all or part of the area within the District as a reinvestment zone. The District, at the option and discretion of the District, and the respective County may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all, or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a reinvestment zone to date, and the District has not approved any such tax abatement agreements.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District 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 and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. See "TAX DATA – Analysis of Tax Base" and "THE DEVELOPER." As of January 1, 2026, approximately 464.65 acres within the District were designated for agricultural use. HWC Justin 407 LLC owns such acreage according to the Appraisal District.

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. See "Rollback of Operation and Maintenance Tax Rate" below.

District and Taxpayer Remedies

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations 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.

Low Tax Rate Districts: Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback 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 Low Tax Rate District 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. However, an election is not required if the adopted tax rate is less than or equal to 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate District.

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District or a Developed District are 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 a rollback 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 Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2026 tax year, the Board of Directors has determined that the District's classification is that of 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.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the

Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien, however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.20 per $100 of assessed valuation, for operation and maintenance purposes. The District levied a 2026 total tax rate of $1.20 per $100 of assessed valuation composed of $0.16 per $100 of assessed valuation for Utility System debt

service, $0.47 per $100 of assessed valuation for Road System debt service and $0.57 per $100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

Debt Service: ..... Unlimited (no legal limit as to rate or amount).
Maintenance and Operation: ..... $1.20 per $100 assessed taxable valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2026 tax year, the District levied a tax rate of $0.16 per $100 of assessed valuation for Utility System debt service and $0.47 per $100 of assessed valuation for Road System debt service.

Upon closing and delivery of the Bonds, twelve (12) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund.

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. For the 2026 tax year, the District levied a tax rate of $0.57 per $100 of assessed valuation for maintenance and operations purposes. See "Tax Rate Distribution" herein.

Tax Exemption

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

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2024-2026 tax years:

Tax Year	Adjusted Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 9/30/26
2024 (a)	$ 9,050,858	$ 1.200	$ 108,610	100.00%	2025	100.00%
2025	55,434,176	1.200	665,210	100.00%	2026	100.00%
2026	121,433,108	1.200	1,457,197	(b)	2027	(b)

(a) The District levied its initial tax rate for the 2024 tax year.
(b) In process of collections.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2024–2026 tax years.

	2026	2025	2024
Utility System Debt Service	$ 0.1600	$ 0.0000	$ 0.0000
Road System Debt Service	0.4700	0.0000	0.0000
Maintenance	0.5700	1.2000	1.2000
Total	$ 1.2000	$ 1.2000	$ 1.2000

Analysis of Tax Base

The following represents the types of property comprising the District assessed taxable value for the 2024-2026 tax years.

Type of Property	2025 Assessed Valuation	2025 Assessed Valuation	2024 Assessed Valuation
Land	$ 75,123,746	$ 65,588,467	$ 20,647,461
Improvements	67,589,709	966,249	-
Personal Property	3,611,968	4,182,928	-
Exemptions	(24,892,315)(a)	(15,303,468)	(11,596,603)
Total	$ 121,433,108	$ 55,434,176	$ 9,050,858

(a) As of January 1, 2026, approximately 464.65 acres within the District were designated for agricultural use. The Developer owns all of such acreage.

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	% of Assessed Valuation
Treeline Phase 1 LLC (a)	Land & Improvements	$ 16,465,633	13.56%
Weekley Homes LLC (b)	Land & Improvements	5,183,001	4.27%
American Legends Homes LLC (b)	Land & Improvements	5,110,827	4.21%
Pulte Homes of Texas LP (b)	Land & Improvements	4,896,175	4.03%
Beazer Homes Texas LP (b)	Land & Improvements	3,344,613	2.75%
HMH Lifestyles LP (b)	Land & Improvements	3,069,070	2.53%
DR Horton Texas LTD (b)	Land & Improvements	2,487,261	2.05%
Highland Homes - Dallas LLC (b)	Land & Improvements	2,006,564	1.65%
HWC Justin 407 LLC (a) (c)	Land & Improvements	2,003,108	1.65%
Tri Pointe Homes DFW LLC (b)	Land & Improvements	1,862,717	1.53%
Total		$ 46,428,969	38.23%

(a) See "RISK FACTORS – Factors Affecting Taxable Values and Payments- Dependence on Principal Taxpayers and the Developer" and "THE DEVELOPER."
(b) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."
(c) Owns 464.65 acres with agricultural exemption.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2026 Certified Taxable Assessed Valuation ($121,433,108) or the Estimate of Value as of March 1, 2026 ($164,136,720). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2056) ..... $ 1,250,167

Debt Service Tax Rate of $1.09 on the 2026 Certified Taxable Assessed Valuation produces ..... $ 1,257,440

Debt Service Tax Rate of $0.81 on the Estimate of Value as of March 1, 2026 produces ..... $ 1,263,032

Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2053) ..... $ 1,297,375

Debt Service Tax Rate of $1.13 on the 2026 Certified Taxable Assessed Valuation produces ..... $ 1,303,584

Debt Service Tax Rate of $0.84 on the Estimate of Value as of March 1, 2026 produces ..... $ 1,309,811

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2026 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

	2026 Tax Rate Per $100 of Assessed Value
The District	$1.200000
Denton County	$0.185938
Northwest Independent School District	$1.063800
Total Estimated Tax Rate	$2.449738

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LEGAL MATTERS

Legal Opinions

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the Date of Delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Registered Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

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

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data found attached to this Official Statement under the headings "DISTRICT DEBT" (except under

the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2027.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertaking

The District entered into its first continuing disclosure agreement in 2025. During the past year, the District has complied in all material respects with such continuing disclosure agreement made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended April 30, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement, relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description and Location," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Tradition Municipal Utility District No. 2C of Denton County as of the date shown on the cover page.

/s/ Jason Wight
President, Board of Directors
Tradition Municipal Utility District No. 2C of Denton County

ATTEST:

/s/ Craig Barnes
Secretary, Board of Directors
Tradition Municipal Utility District No. 2C of Denton County

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-25
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	27
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	29
GENERAL FUND EXPENDITURES	30
TAXES LEVIED AND RECEIVABLE	31-32
LONG-TERM DEBT SERVICE REQUIREMENTS	33
CHANGES IN LONG-TERM BOND DEBT	34-35
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - TWO YEARS	36-37
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	38-39

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tradition Municipal Utility District
No. 2C of Denton County
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Tradition Municipal Utility District No. 2C of Denton County (the "District") as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Board of Directors
Tradition Municipal Utility District
No. 2C of Denton County

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, 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

August 14, 2026

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2026

Management's discussion and analysis of the financial performance of Tradition Municipal Utility District No. 2C of Denton County (the "District") provides an overview of the District's financial activities for the fiscal year ended April 30, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE 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 $2,917,197 as of April 30, 2026.

A portion of the District's net position reflects its net investment in capital assets which includes utility facilities and road infrastructure less any debt used to acquire those assets that is still outstanding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Government-wide changes in net position are summarized in the following table:

	Summary of the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 1,670,574	$ 244,720	$ 1,425,854
Capital Assets (Net of Accumulated Depreciation)	41,099,571	45,329,106	(4,229,535)
Total Assets	$ 42,770,145	$ 45,573,826	$ (2,803,681)
Due to Developer	$ 33,301,300	$ 46,025,847	$ 12,724,547
Bonds Payable	12,074,454		(12,074,454)
Other Liabilities	311,588	103,898	(207,690)
Total Liabilities	$ 45,687,342	$ 46,129,745	$ 442,403
Net Position			
Net Investment in Capital Assets	$ (4,078,080)	$ (498,741)	$ (3,579,339)
Restricted	652,478		652,478
Unrestricted	508,405	(57,178)	565,583
Total Net Position	$ (2,917,197)	$ (555,919)	$ (2,361,278)

The following table provides a summary of the District's operations for the years ended April 30, 2026 and April 30, 2025. The District's net position decreased by $2,361,278.

	Summary of the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 667,385	$ 95,303	$ 572,082
Builder Inspections	314,000	331,125	(17,125)
Investment Revenues	21,958	1,298	20,660
Total Revenues	$ 1,003,343	$ 427,726	$ 575,617
Total Expenses	3,364,621	877,430	(2,487,191)
Change in Net Position	$ (2,361,278)	$ (449,704)	$ (1,911,574)
Net Position, Beginning of Year	(555,919)	(106,215)	(449,704)
Net Position, End of Year	$ (2,917,197)	$ (555,919)	$ (2,361,278)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2026, were $1,576,394, an increase of $1,435,572 from the prior year.

The General Fund fund balance increased by $563,529, primarily due to property taxes and builder inspection revenues exceeding operating and administrative expenditures during the current fiscal year.

The Debt Service Fund fund balance increased by $871,940 due to the receipt of capitalized interest in connection with the District's issuance of its Series 2025 road bonds.

The Capital Projects Fund fund balance reflected an increase of $103. The District sold its Series 2025 Road bonds as discussed in Note 11.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were more than budgeted revenues by $755,796 and actual expenditures were more than budgeted expenditures by $202,294. The net result was a positive budget to actual variance of $553,502. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District's governmental activities have invested $41,099,571 in capital assets. Changes in capital assets during the current fiscal year are summarized in the following table:

	2026	2025	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Water Infrastructure	$ 12,072,028	$ 12,545,348	$ (473,320)
Sewer Infrastructure	11,195,384	11,550,325	(354,941)
Drainage Facilities	3,367,756	3,602,103	(234,347)
Roads	16,053,117	18,130,071	(2,076,954)
Less Accumulated Depreciation	(1,588,714)	(498,741)	(1,089,973)
Total Net Capital Assets	$ 41,099,571	$ 45,329,106	$ (4,229,535)

LONG-TERM DEBT ACTIVITY

As of April 30, 2026, the District had total bond debt of $11,950,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, May 1, 2025	$ - 0 -
Add: Bond Sale - Series 2025 Road Bonds	11,950,000
Bond Debt Payable, April 30, 2026	$ 11,950,000

The District's Series 2025 Road Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurer.

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 Tradition Municipal Utility District No. 2C of Denton County, c/o Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350, Dallas, TX 75248.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 741,699	$ 871,940
Property Taxes Receivable	2,054	
Prepaid Costs	54,778	
Capital Assets, Net of Accumulated Depreciation		
TOTAL ASSETS	$ 798,531	$ 871,940
LIABILITIES		
Accounts Payable	$ 92,126	$
Accrued Interest Payable		
Due to Developer		
Long-Term Liabilities -		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 92,126	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 2,054	$ -0-
FUND BALANCES		
Nonspendable - Prepaid Costs	$ 54,778	$
Restricted for Authorized Construction		
Restricted for Debt Service		871,940
Unassigned	649,573	
TOTAL FUND BALANCES	$ 704,351	$ 871,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 798,531	$ 871,940
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 103	$ 1,613,742	$	$ 1,613,742
	2,054		2,054
	54,778		54,778
		41,099,571	41,099,571
$ 103	$ 1,670,574	$ 41,099,571	$ 42,770,145
$	$ 92,126	$	$ 92,126
		219,462	219,462
		33,301,300	33,301,300
		12,074,454	12,074,454
$ -0-	$ 92,126	$ 45,595,216	$ 45,687,342
$ -0-	$ 2,054	$ (2,054)	$ -0-
$	$ 54,778	$ (54,778)	$
103	103	(103)	
	871,940	(871,940)	
	649,573	(649,573)	
$ 103	$ 1,576,394	$ (1,576,394)	$ -0-
$ 103	$ 1,670,574		
		$ (4,078,080)	$ (4,078,080)
		652,478	652,478
		508,405	508,405
		$ (2,917,197)	$ (2,917,197)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2026

Total Fund Balance - Governmental Funds		$ 1,576,394
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.		41,099,571
Deferred inflows of resources related to property tax revenues for the 2025 tax levy became part of recognized revenue in the governmental activities.		2,054
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developer	$ (33,301,300)	
Accrued Interest Payable	(219,462)	
Bonds Payable	(12,074,454)	(45,595,216)
Total Net Position - Governmental Activities		$ (2,917,197)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 665,331	$
Builder Inspections	314,000	
Investment Revenues	9,265	12,421
TOTAL REVENUES	$ 988,596	$ 12,421
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 159,029	$
Contracted Services	13,864	
Inspections	213,114	
Depreciation		
Administrative and Other	21,135	
Operations and Maintenance	17,925	
Capital Outlay		
Developer Interest		
Debt Service -		
Bond Issuance Costs		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	$ 425,067	$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 563,529	$ 12,421
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$ 859,519
Bond Discounts		
Bond Premiums		
TOTAL OTHER FINANCING SOURCES, NET	$ -0-	$ 859,519
NET CHANGE IN FUND BALANCES	$ 563,529	$ 871,940
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2025	140,822	
FUND BALANCES/NET POSITION - APRIL 30, 2026	$ 704,351	$ 871,940

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 665,331	$ 2,054	$ 667,385
	314,000		314,000
272	21,958		21,958
$ 272	$ 1,001,289	$ 2,054	$ 1,003,343
$	$ 159,029	$	$ 159,029
	13,864		13,864
	213,114		213,114
		1,089,973	1,089,973
10	21,145		21,145
	17,925		17,925
9,584,985	9,584,985	(9,584,985)	
596,026	596,026		596,026
1,035,695	1,035,695		1,035,695
		217,850	217,850
$ 11,216,716	$ 11,641,783	$ (8,277,162)	$ 3,364,621
$ (11,216,444)	$ (10,640,494)	$ 8,279,216	$ (2,361,278)
$ 11,090,481	$ 11,950,000	$ (11,950,000)	$
(122,785)	(122,785)	122,785	
248,851	248,851	(248,851)	
$ 11,216,547	$ 12,076,066	$ (12,076,066)	$ -0-
$ 103	$ 1,435,572	$ (1,435,572)	$
		(2,361,278)	(2,361,278)
	140,822	(696,741)	(555,919)
$ 103	$ 1,576,394	$ (4,493,591)	$ (2,917,197)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2026

Net Change in Fund Balances - Governmental Funds	$	1,435,572
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.		2,054
Depreciation of capital assets is recorded in the Statement of Activities.		(1,089,973)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases.		9,584,985
Governmental funds report bond discounts and premiums as other financing sources and uses. However, in the Statement of Net Position, bond discounts and premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		1,612
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(219,462)
Governmental funds report bond proceeds, bond premiums, and bond discounts as other financing sources and uses in the governmental funds. Issued bonds increase long-term liabilities in governmental activities.		(12,076,066)
Change in Net Position - Governmental Activities	$	(2,361,278)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2026

NOTE 1. CREATION OF DISTRICT

An election was held on May 9, 2015, to divide Tradition Municipal Utility District No. 2 of Denton County ("Original District") into Tradition Municipal Utility District No. 2A of Denton County ("MUD 2A") and Tradition Municipal Utility District No. 2B of Denton County. An Order Providing for the Terms of the Division of the District, Establishing a Plan to Pay and Perform Outstanding Obligations of the District was passed and approved on August 14, 2023, by the Board of Directors of MUD 2A. Also, an Order Canvassing Election to Divide MUD 2A into Tradition Municipal Utility District No. 2C of Denton County (the "District") and Tradition Municipal Utility District No. 2D of Denton County ("MUD 2D") was passed and approved by the Board of MUD 2A on November 13, 2023, and recorded on December 12, 2023, as Instrument Number 2023-130972 of the Official Records of Denton County, Texas. The result was MUD 2A being subdivided into the District and MUD 2D.

The District is a political subdivision of the State of Texas, operating under the provisions of Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The District retained all contracts, agreements, assets, obligations and liabilities of MUD 2A except with respect to certain assets and obligations described in the Order retained by MUD 2D. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater, and the control and diversion of storm water. The District also has road powers. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The District held its organizational meeting on November 13, 2023.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

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

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

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 and 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. Internal activities between governmental funds are eliminated by adjustment to obtain net total revenue and expense of the Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. The District has three governmental funds and considers each to be a major fund. The General Fund accounts for property tax revenues, developer advances, professional fees, administrative costs, and any other lawfully authorized expenditures of the District. The Debt Service Fund accounts for ad valorem taxes restricted, committed or assigned for servicing bond debt and the costs of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. 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, including infrastructure assets, 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 the estimated useful lives ranging from 30 to 45 years.

The District is located within the extraterritorial jurisdiction of the City of Justin, Texas. In accordance with a Utility Agreement (see Note 10), the City has assumed operation and maintenance responsibilities for the District's water and wastewater systems for the benefit of residents and other users located within the District.

Budgeting

A budget was 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.

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 "employees" for federal payroll tax purposes only.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2025 Road
Amounts Outstanding – April 30, 2026	$ 11,950,000
Interest Rates	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2027/2055
Interest Payment Dates	September 1/ March 1
Callable Dates	December 1, 2031*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2025 Road bonds maturing on September 1, 2034, 2052 and 2055, are term bonds and are subject to mandatory redemption beginning September 1, 2032, 2051 and 2053, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

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

	May 1, 2025	Additions	Retirements	April 30, 2026
Bonds Payable	$	$ 11,950,000	$	$ 11,950,000
Unamortized Discounts		(122,785)	(1,570)	(121,215)
Unamortized Premiums		248,851	3,182	245,669
Bonds Payable, Net	$ -0-	$ 12,076,066	$ 1,612	$ 12,074,454

Amount Due Within One Year	$ -0-
Amount Due After One Year	12,074,454
Bonds Payable, Net	$ 12,074,454

The District has authorized but unissued bonds in the amount $333,255,000 for utilities and authorized but unissued refunding bonds for utilities of $499,882,500. The District has authorized but unissued bonds in the amount $263,910,000 for roads and authorized but unissued refunding bonds for roads of $413,790,000. The bond order requires the District to levy and collect an ad valorem debt service tax, without limitation as to rate or amount, sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

As of April 30, 2026, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2027	$	$ 700,349	$ 700,349
2028	185,000	567,000	752,000
2029	195,000	554,650	749,650
2030	205,000	541,650	746,650
2031	215,000	528,000	743,000
2032-2036	1,260,000	2,412,586	3,672,586
2037-2041	1,620,000	2,074,475	3,694,475
2042-2046	2,090,000	1,676,756	3,766,756
2047-2051	2,695,000	1,130,235	3,825,235
2052-2056	3,485,000	419,141	3,904,141
	$ 11,950,000	$ 10,604,842	$ 22,554,842

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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 $1,613,742 and the bank balance was $1,613,843. Of the bank balance, $553,684 was covered by federal depository insurance and the remaining was covered by pledged collateral held by a third party in the District's name. The District was not exposed to custodial credit risk at year-end.

The carrying values of deposits at year end are summarized in the following table:

	Cash
GENERAL FUND	$ 741,699
DEBT SERVICE FUND	871,940
CAPITAL PROJECTS FUND	103
TOTAL DEPOSITS	$ 1,613,742

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

NOTE 6. CAPITAL ASSETS

Changes in capital assets for the current fiscal year are summarized in the following table:

	May 1, 2025	Increases	Decreases	April 30, 2026
Capital Assets Subject to Depreciation				
Water Infrastructure	$ 12,545,348	$	$ 473,320	$ 12,072,028
Sewer Infrastructure	11,550,325		354,941	11,195,384
Drainage Facilities	3,602,103		234,347	3,367,756
Roads	18,130,071		2,076,954	16,053,117
Total Capital Assets Subject to Depreciation	$ 45,827,847	$ - 0 -	$ 3,139,562	$ 42,688,285
Accumulated Depreciation				
Water Infrastructure	$ 123,478	$ 262,446	$	$ 385,924
Sewer Infrastructure	162,950	244,421		407,371
Drainage Facilities	34,945	71,957		106,902
Roads	177,368	511,149		688,517
Total Accumulated Depreciation	$ 498,741	$ 1,089,973	$ - 0 -	$ 1,588,714
Total Capital Assets, Net of Accumulated Depreciation	$ 45,329,106	$ (1,089,973)	$ 3,139,562	$ 41,099,571

NOTE 7. MAINTENANCE TAX

The District is authorized to levy and collect a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. During the year ended April 30, 2026, the District levied an ad valorem maintenance tax rate of $1.20 per $100 of assessed valuation, which resulted in a tax levy of $667,385 on the adjusted taxable valuation of $55,615,445 for the 2025 tax year. Maintenance tax revenues are to be used by the General Fund to pay for any lawfully authorized expenditures of the District.

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. UNREIMBURSED COSTS

The District and the developers have entered into financing agreements which require the developers to fund costs associated with construction of roads and utilities serving the residents of the District in addition to providing operating advances during the early stages of the District's development. The District is responsible for reimbursing these costs from proceeds of future bond issuances. The following table summarizes current year changes in unreimbursed costs.

Due to Developer, May 1, 2025	$ 46,025,847
Less: Current Year Payments	9,584,985
Less: Current Year Adjustments	3,139,562
Due to Developer, April 30, 2026	$ 33,301,300

NOTE 9. 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 since inception.

NOTE 10. DEVELOPMENT AGREEMENT

On July 23, 2021, the City of Justin, Texas (the "City") and the developer entered into a Development Agreement. This Development Agreement was amended on February 23, 2023 and on September 26, 2023 (the "Agreement"). Pursuant to the Agreement, the developer or the District will construct, at no cost to the City, all on-site water, wastewater and drainage improvements within the District, as well as roadways to serve the District. Upon completion of construction, and with exception of the drainage facilities, the land associated with the drainage facilities and roadways, the developer or the District will convey all on-site facilities to the City for ownership, operation and maintenance. In exchange, the City will provide water and wastewater service to customers within the District on a retail basis in the same manner and at the same rates as the City provides service to customers. The City will be solely responsible for the collection of City capital recovery fees and for billing and collecting for water and wastewater services provided to customers within the District. The term of the agreement will be 45 years from the effective date of the Agreement.

NOTE 11. BOND SALE

On December 11, 2025, the District closed on the sale of its $11,950,000 Series 2025 Unlimited Tax Road Bonds. Proceeds from the bonds were used to reimburse a developer for road improvements. Bond proceeds were also used to pay bond issuance costs, capitalized interest and Developer interest.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2026

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 140,700	$ 665,331	$ 524,631
Builder Inspections	91,500	314,000	222,500
Investment Revenues	600	9,265	8,665
TOTAL REVENUES	$ 232,800	$ 988,596	$ 755,796
EXPENDITURES			
Service Operations:			
Professional Fees	$ 166,500	$ 159,029	$ 7,471
Contracted Services	4,400	13,864	(9,464)
Inspections	37,000	213,114	(176,114)
Administrative and Other	14,873	21,135	(6,262)
Operations and Maintenance		17,925	(17,925)
TOTAL EXPENDITURES	$ 222,773	$ 425,067	$ (202,294)
NET CHANGE IN FUND BALANCE	$ 10,027	$ 563,529	$ 553,502
FUND BALANCE - MAY 1, 2025	140,822	140,822	
FUND BALANCE - APRIL 30, 2026	$ 150,849	$ 704,351	$ 553,502

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2026

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

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

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

____ Participates in joint venture, regional system and/or wastewater service

____ Other (specify):

2. RETAIL SERVICE PROVIDERS

Utility services are provided to District residents by the City of Justin (see Note 10).

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No ____

County in which District is located: Denton 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 Justin

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

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2026

PROFESSIONAL FEES:		
Audit and Bond Related	$	12,000
Engineering		69,453
Legal		77,576
TOTAL PROFESSIONAL FEES	$	159,029
CONTRACTED SERVICES:		
Appraisal District	$	2,711
Bookkeeping		6,863
Fire Protection and Emergency Services		4,290
TOTAL CONTRACTED SERVICES	$	13,864
REPAIRS AND MAINTENANCE	$	16,293
UTILITIES	$	1,632
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	7,375
Insurance		6,043
Website		3,370
Travel and Meetings		986
Office, Election and Other		3,361
TOTAL ADMINISTRATIVE EXPENDITURES	$	21,135
OTHER EXPENDITURES -		
Inspection Fees	$	213,114
TOTAL EXPENDITURES	$	425,067

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	Maintenance Taxes	
TAXES RECEIVABLE - MAY 1, 2025	$	
Adjustments to Beginning Balance		$ -0-
Original 2025 Tax Levy	$ 665,210	
Adjustment to 2025 Tax Levy	2,175	667,385
TOTAL TO BE ACCOUNTED FOR		$ 667,385
TAX COLLECTIONS:		
Prior Years	$	
Current Year	665,331	665,331
TAXES RECEIVABLE - APRIL 30, 2026		$ 2,054
TAXES RECEIVABLE BY YEAR -		
2025		$ 2,054

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	2025	2024
PROPERTY VALUATIONS:		
Land	$ 65,611,602	$ 20,647,461
Improvements	1,124,383	
Personal Property	4,182,928	
Exemptions	(15,303,468)	(12,704,609)
TOTAL PROPERTY VALUATIONS	$ 55,615,445	$ 7,942,852
TAX RATES PER $100 VALUATION -		
Maintenance	$ 1.20	$ 1.20
ADJUSTED TAX LEVY*	$ 667,385	$ 95,303
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.69 %	100.00 %

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

Maintenance Tax – The District is authorized to levy a maintenance tax rate not to exceed $1.20 per $100 of assessed valuation.

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

	SERIES-2025 ROAD		
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 700,349	$ 700,349
2028	185,000	567,000	752,000
2029	195,000	554,650	749,650
2030	205,000	541,650	746,650
2031	215,000	528,000	743,000
2032	225,000	513,700	738,700
2033	240,000	498,587	738,587
2034	250,000	482,662	732,662
2035	265,000	465,925	730,925
2036	280,000	451,712	731,712
2037	290,000	440,312	730,312
2038	305,000	428,412	733,412
2039	325,000	415,813	740,813
2040	340,000	402,300	742,300
2041	360,000	387,638	747,638
2042	375,000	371,784	746,784
2043	395,000	354,694	749,694
2044	415,000	336,469	751,469
2045	440,000	317,231	757,231
2046	465,000	296,578	761,578
2047	485,000	274,609	759,609
2048	510,000	251,600	761,600
2049	540,000	227,319	767,319
2050	565,000	201,766	766,766
2051	595,000	174,941	769,941
2052	630,000	146,613	776,613
2053	660,000	116,781	776,781
2054	695,000	85,447	780,447
2055	730,000	52,494	782,494
2056	770,000	17,806	787,806
	$ 11,950,000	$ 10,604,842	$ 22,554,842

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C
OF DENTON COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2026

Description	Original Bonds Issued	Bonds Outstanding May 1, 2025
Tradition Municipal Utility District No. 2C of Denton County Unlimited Tax Road Bonds - Series 2025	$ 11,950,000	$ - 0 -

Bond Authority:	Tax Bonds Utilities	Refunding Bonds Utilities	Road Bonds	Refunding Bonds Roads
Amount Authorized by Voters	$ 333,255,000	$ 499,882,500	$ 275,860,000	$ 413,790,000
Amount Issued			(11,950,000)	
Remaining to be Issued	$ 333,255,000	$ 499,882,500	$ 263,910,000	$ 413,790,000

Debt Service Fund cash balance as of April 30, 2026:	$ 871,940
Average annual debt service payment for remaining term term of all bond debt:	$ 751,828

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding April 30, 2026	Paying Agent
$ 11,950,000	$ - 0 -	$ - 0 -	$ 11,950,000	BOKF, NA Dallas, Texas

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - TWO YEARS

	Amounts		Percentage of Total Revenues	
	2026	2025	2026	2025
REVENUES				
Property Taxes	$ 665,331	$ 95,303	67.3 %	22.3 %
Builder Inspections	314,000	331,125	31.8	77.4
Investment Revenues	9,265	1,298	0.9	0.3
TOTAL REVENUES	$ 988,596	$ 427,726	100.0 %	100.0 %
EXPENDITURES				
Professional Fees	$ 159,029	$ 170,527	16.2 %	39.8 %
Contracted Services	13,864	2,126	1.4	0.5
Inspections	213,114	194,909	21.6	45.6
Administrative and Other	21,135	11,127	2.1	2.6
Operations and Maintenance	17,925		1.8	
TOTAL EXPENDITURES	$ 425,067	$ 378,689	43.1 %	88.5 %
EXCESS OF REVENUES OVER EXPENDITURES	$ 563,529	$ 49,037	56.9 %	11.5 %
OTHER FINANCING SOURCES				
Developer Advances	$ -0-	161,000		
NET CHANGE IN FUND BALANCE	$ 563,529	$ 210,037		
BEGINNING FUND BALANCE (DEFICIT)	140,822	(69,215)		
ENDING FUND BALANCE	$ 704,351	$ 140,822		

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - TWO YEARS

	Amounts		Percentage of Total Revenues	
	2026	2025*	2026	2025*
REVENUES				
Investment Revenues	$ 12,421	N/A	100.0 %	N/A %
TOTAL EXPENDITURES	$ -0-	N/A	0.00 %	N/A %
EXCESS OF REVENUES OVER EXPENDITURES	$ 12,421	N/A	100.0 %	N/A %
OTHER FINANCING SOURCES				
Proceeds from Issuance of Long-term Debt	$ 859,519	N/A		
NET CHANGE IN FUND BALANCE	$ 871,940	N/A		
BEGINNING FUND BALANCE				
ENDING FUND BALANCE	$ 871,940	N/A		

* Fiscal year ending 2026 was the first year for a Debt Service Fund.

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

District Mailing Address	Tradition Municipal Utility District No. 2C of Denton County c/o Coats Rose, P.C. 16000 North Dallas Parkway, Suite 350 Dallas, TX 75248
District Telephone Number	(972) 788-1600

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2026	Expense Reimbursements for the year ended April 30, 2026	Title
Jason Wright	05/24 05/28 (Elected)	$ 1,105	$ 43	President
Kevin Crews	05/24 05/28 (Elected)	$ 1,768	$ 102	Vice President
Craig Barnes	05/26 05/30 (Elected)	$ 1,768	$ 441	Secretary
Doug Powell	07/24 05/28 (Appointed)	$ 1,547	$ 296	Assistant Secretary
Clay Densmore	05/26 05/30 (Elected)	$ 663	$ 105	Assistant Secretary

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

The most recent submission date of the District Registration Form was July 21, 2026.

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

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2C OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

Consultants:	Date Hired	Fees for the year ended April 30, 2026	Title
Coats Rose, P.C.	11/13/23	$ 77,576	General Counsel
		$ 273,101	Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	05/12/25	$ 9,500	Auditor
		$ 20,000	Bond Related
L & S District Services, LLC	11/13/23	$ 10,236	Bookkeeper
		$ 900	Bond Related
Westwood Professional Services, Inc.	11/13/23	$ 69,453	Engineer
		$ 63,063	Bond Related
Robert W. Baird & Co. Incorporated*	11/13/23	$ 222,299	Financial Advisor
Debra Loggins	11/13/23	$ -0-	Investment Officer

*Replaced by Cedar Creek Municipal Advisors, LLC subsequent to year end.

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

SPECIMEN

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

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

SPECIMEN