OFFICIAL STATEMENT DATED NOVEMBER 9, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds are 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 (BAM Insured) ......"AA"
See "MUNICIPAL BOND INSURANCE" and "RATINGS"

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

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

$4,180,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated: December 1, 2026

Due: September 1, as shown on inside cover

Interest Accrues From: Date of Delivery

The $4,180,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are obligations of Furst Ranch Municipal Utility District No. 1 of Denton County (the "District") and are not obligations of the State of Texas; Denton County, Texas (the "County"); the Town of Bartonville, Texas (the "Town"); 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; the County; the Town; nor any entity other than the District is pledged to the payment of the principal of or 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"). The Bonds are dated December 1, 2026 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about December 15, 2026 (the "Date of Delivery"), with interest payable September 1, 2027, and each March 1 and September 1 thereafter until the earlier of stated 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 ("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 "Record 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" herein for further information.

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 **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").**

The Bonds constitute the first 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 unlimited tax bonds: $1,523,420,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and $515,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System or refunding bonds issued for such purpose. Following the issuance of the Bonds, $1,523,420,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $510,820,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

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

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 15, 2026.

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

$4,180,000 Unlimited Tax Road Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 361110 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 361110 (b)
2029	$90,000	6.500%	3.400%	AA7	2041 (c)	$180,000	5.000%	4.600%	AN9
2030	95,000	6.500%	3.500%	AB5	2042 (c)	190,000	5.000%	4.700%	AP4
2031	105,000	6.500%	3.600%	AC3	2043 (c)	200,000	5.000%	4.780%	AQ2
2032	110,000	6.500%	3.700%	AD1	2044 (c)	215,000	5.000%	4.830%	AR0
2033 (c)	115,000	6.500%	3.800%	AE9	2045 (c)	225,000	5.000%	4.880%	AS8
2034 (c)	120,000	6.500%	3.900%	AF6	2046 (c)	240,000	5.000%	4.930%	AT6
2035 (c)	130,000	5.125%	4.000%	AG4	2047 (c)	250,000	5.000%	5.000%	AU3
2036 (c)	135,000	5.000%	4.100%	AH2	2048 (c)	265,000	5.000%	5.040%	AV1
2037 (c)	145,000	5.000%	4.200%	AJ8	2049 (c)	280,000	5.000%	5.080%	AW9
2038 (c)	150,000	5.000%	4.300%	AK5	2050 (c)	295,000	5.000%	5.110%	AX7
2039 (c)	160,000	5.000%	4.400%	AL3	2051 (c)	315,000	4.000%	5.180%	AY5
2040 (c)	170,000	5.000%	4.500%	AM1					

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

(c) 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. See "THE BONDS – Redemption of the Bonds."

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.

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

The Financial Advisor (herein defined) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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

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

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APPENDIX A Financial Statements of the District

APPENDIX B – Speciman Municipal Bond Insurance Policy

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 effective interest rate to the District, which was tendered by Robert W. Baird & Co., Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.000000% of the par value, which resulted in a net effective interest rate of 5.148860%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

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

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") 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 exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles.

BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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 the Insurer 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.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Furst Ranch Municipal Utility District No. 1 of Denton County (the "District"), a political subdivision of the State of Texas, is located in Denton County (the "County"), Texas within the extraterritorial jurisdiction of the Town of Bartonville, Texas (the "Town"). See "THE DISTRICT."
The Bonds	The District's $4,180,000 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 in the principal amounts set forth on the inside cover page hereof. Interest accrues from the initial date of delivery (on or about December 15, 2026) (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on September 1, 2027, and each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on or after September 1, 2033, are 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. See "THE BONDS – Redemption of the Bonds."
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the Town; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The Bonds constitute the first series of unlimited tax bonds issued by the District.
Authority for Issuance	The Bonds are issued pursuant to (i) a resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and (iii) an election held within the District on May 3, 2025. See "THE BONDS – Authority for Issuance."
Use of Bond Proceeds	Proceeds from sale of the Bonds will be used to reimburse Spur Furst, or its assignee (herein defined) for expenditures related to certain road improvements in the District as set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." Proceeds of the Bonds will also be used to pay developer interest, eighteen (18) months of capitalized interest and to pay costs of issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds" for further information.
Qualified Tax-Exempt Obligations	The Bonds are designated "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Ratings	S&P Global Ratings (BAM Insured): "AA." See "RATINGS."
Bond Counsel	Allen Boone Humphries Robinson LLP, Dallas, Texas. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Irving, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description	The District was created by the Texas Commission on Environmental Quality (the "TCEQ") on February 6, 2025, as a municipal utility district. On September 19, 2023, the District was granted consent to operate within the extraterritorial jurisdiction of the Town pursuant to an Amended Creation and Operation Agreement with the Town. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining 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. The District is subject to the continuing supervision of the TCEQ. The District consists of approximately 461.421 total acres. See "THE DISTRICT."
Location	The District is located approximately 25 miles north of the City of Fort Worth and within Denton County, Texas. The District is located entirely within the extraterritorial jurisdiction of the Town.
The Developers/Principal Landowners	Old WR Ranch I Hacker initially owned all of the approximately 475 acres within the District. CW-Furst Ranch, LLC has entered into a contract with Spur Furst Ranch Development, LP, a Texas limited partnership (the "Spur Furst") and the a developer within the District, providing an exclusive option to the Spur Furst to purchase land within the District on an as needed basis for single-family residential development. Spur Furst has purchased approximately 330 acres in the District from Old WR Ranch I Hacker for the purpose of developing Furst Ranch, Phases 1, 2, and 3 anticipated to consist of 726 lots on approximately 330 acres. Old WR Ranch I Hacker continues to own approximately 145 acres within the District. Spur Furst is an affiliate of Starwood Land Advisors, LLC, a Delaware limited liability company ("Starwood"). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Spur Furst during the development phase. Spur Furst is a single purpose entity formed for the purpose of developing the land it owns within the District. Spur Furst's assets consist primarily of the land in the District and the receivables due from the District for development costs. Spur Furst has minimal revenues and is currently operating at a net loss. Spur Furst has entered into a management agreement with Axim Partners LP ("Axim"), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines Interest LP, the previous developer, as development managers for the District. To date, Spur Furst has developed approximately 89

acres (267 lots) within the District and continues to own approximately 105 acres within the District.

Arroyo Cap V-1 LLC, a Delaware limited liability company, purchased approximately 82 acres within the District from Spur Furst for the purpose of owning and holding such land for investment and owning and holding the developed single-family lots on such acreage for Toll Southwest, LLC, a Texas limited liability company ("Toll Southwest"), and Ashton Dallas Residential LLC, a Texas limited liability company ("Ashton"). Toll Southwest and Ashton have developed Furst Ranch, Phases 4A and 4B which consists of 231 lots on approximately 82 acres. Arroyo Cap V-1 LLC sells the land to Toll Southwest and Ashton for future single-family residential development on an as needed basis. Toll Southwest and Ashton will manage the development of the lots within Furst Ranch, Phases 4A and 4B. To date, Toll Southwest and Ashton have acquired approximately 21 acres within the District from Arroyo Cap V-1 LLC, and Toll Southwest and Ashton are currently constructing homes thereon. Arroyo Cap V-1 LLC currently owns approximately 61 acres and about one third of the total vacant developed lots within Furst Ranch, Phases 4A and 4B. Spur Furst has retained the right to reimbursement of the public infrastructure constructed on such acreage. Spur Furst, Toll Southwest and Ashton may be collectively referred to herein as the "Developers." See "THE DEVELOPERS/PRINCIPAL LANDOWNERS." The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.

Development within the District..... To date, approximately 172.542 acres within the District have been developed as 498 total single-family lots in the following phases: Furst Ranch Phases 1, 4A and 4B. In addition, approximately 76.305 acres (241 lots) as Furst Ranch, Phase 2 and approximately 70.638 acres (227 lots) as Furst Ranch, Phase 3 are currently being developed. As of September 15, 2026, the District included approximately 67 completed homes (approximately 49 occupied, 5 unoccupied, and 13 model homes); approximately 40 homes under construction; and approximately 391 vacant developed lots. The remaining land in the District includes approximately 128.936 acres planned for development as additional single-family residential sections; and approximately 13.00 acres of undevelopable land in the District. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Homebuilders within the District..... The active homebuilders in the District are Highland Homes, Weekley Homes, Shaddock Homes, Toll Brothers, Ashton Woods, Drees Homes, Tradition Homes, Partners in Building, and Coventry Homes. Prices of homes being constructed in the District range in price from approximately $609,990 to $1,679,000 and range in size from approximately 1,882 square-feet to 5,967 square-feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Taxable Assessed Valuation	$ 46,287,344	(a)
Estimate of Value as of September 15, 2026	$ 137,951,389	(b)
Direct Debt:		
The Bonds	$ 4,180,000	
Total	$ 4,180,000	
Estimated Overlapping Debt	$ 5,291,666	(c)
Total Direct and Estimated Overlapping Debt	$ 9,471,666	(c)
Direct Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	9.03 %	
As a percentage of the Estimate of Value as of September 15, 2026	3.03 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	20.46 %	
As a percentage of the Estimate of Value as of September 15, 2026	6.87 %	
Road System Debt Service Fund Balance (as of the Date of Delivery)	$ 323,306	(d)
General Operating Fund Balance (as of October 19, 2026)	$ 115,258	(e)
2026 Tax Rate		
Utility System Debt Service	$0.0000	
Road System Debt Service	$ 0.0000	
Maintenance and Operations	$ 1.2000	
Total	$ 1.2000	(f)
Average Annual Debt Service Requirement (2027-2051)	$ 300,848	(g)
Maximum Annual Debt Service Requirement (2051)	$ 327,600	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds (2027-2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.69	
Based on the Estimate of Value as of September 15, 2026, at 95% Tax Collections	$ 0.23	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.75	
Based on the Estimate of Value as of September 15, 2026, at 95% Tax Collections	$ 0.25	

(a) As certified by the Denton Central Appraisal District ("Appraisal District") as of January 1, 2026. See "TAX DATA" and "TAXING PROCEDURES."

(b) The estimated taxable value is an estimate of the value of all taxable property located within the District as of September 15, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, to September 15, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Represents eighteen (18) months of capitalized interest. Neither Texas law nor the Bond Resolution 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 by the District for the Utility System (herein defined).

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

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

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

OFFICIAL STATEMENT

relating to

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

(A Political Subdivision of the State of Texas, located within Denton County)

$4,180,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement of Furst Ranch Municipal Utility District No. 1 of Denton County (the "District") is provided to furnish information with respect to the issuance by the District of its $4,180,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to a resolution authorizing the issuance of the bonds adopted by the Board on the date of sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District.

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

This Official Statement includes descriptions of the Bonds, the Developers (herein defined), the Bond Resolution, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 4514 Cole Avenue, Suite 1450, Dallas, Texas 75205, upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas, Denton County, Texas, the Town of Bartonville, Texas, or any political subdivision other than the District, will be secured by the proceeds of two separate continuing direct ad valorem taxes, each without legal limitation as to rate or amount, levied annually by the District 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 that 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 rate of development within the District is directly related to the vitality of the residential, commercial, retail and multi-family housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT OF THE DISTRICT" herein.

***Developers Under No Obligation to the District*:** There is no commitment by, or legal requirement of the Developers, 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 DEVELOPERS/PRINCIPAL LANDOWNERS" and "TAX DATA – Principal Taxpayers."

***Dependence on Principal Taxpayers*:** There is a high concentration of ownership of taxable value in the District. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2026 tax year, the District's principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 92.01% of the District's total taxable assessed valuation as of original certification of the 2026 appraisal rolls. Spur Furst (herein defined) owned approximately 20.54% of the assessed value of property located in the District as of January 1, 2026. In the event that the Developers, any other principal taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution 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 Taxable Assessed Valuation of all taxable property located within the District is $46,287,344 and the Estimate of Value as of September 15, 2026, is $137,951,389. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds (2051) is $327,600, and the average annual debt service requirement on the Bonds (2027-2051) is $300,848. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, combined debt service tax rates of $0.75 and $0.69 per $100 of assessed valuation at a 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 September 15, 2026, combined debt service tax rates of $0.25 and $0.23 per $100 of assessed valuation at a 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. For the 2026 tax year, the District levied a total tax of $1.20 per $100 of assessed valuation composed entirely of a maintenance and operations tax rate.

Vacant Developed Lots

As of September 15, 2026, approximately 391 developed lots within the District remained available for construction. Failure of the Developers and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Increase in Costs of Building Materials

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

current or future economic or governmental circumstances may have on any plans of the developers or homebuilders.

Operating Funds

The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District levied a 2026 maintenance tax of $1.20 per $100 of assessed valuation. The District's general fund balance as of October 19, 2026, 2026 was $115,258. The revenue produced from a $1.20 maintenance tax in 2026 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developers and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. To date, the District has been dependent on developer advances to balance the district operating budget. See "TAXING PROCEDURES"

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 (2) 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 taxpayer's 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 Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, 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 Resolution. Except for mandamus, the Bond Resolution 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 Resolution 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 conditions 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 (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on May 3, 2025, voters of the District authorized the District's issuance of $1,523,420,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and $515,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, $1,523,420,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $510,820,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developersapproximately $20,818,156 for the current expenditures related to the construction of the Utility System and $8,343,970 for the current expenditures related to the construction of the Road System on behalf of the District.

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

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

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

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

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

Marketability of the Bonds

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement. TCEQ approval of the Bonds is not required and, therefore, no engineering report or bond application has been submitted to the TCEQ and neither the Bonds, the project, nor the feasibility of the District will be reviewed, considered or approved by the TCEQ with respect to the Bonds.

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

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

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the area's economic growth and development.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, tornados, ice storms, 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.

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

The 90th Texas Legislature

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

Bond Insurance Risk Factors

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 "Bond 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 Bond 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 Bond Policy (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under 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 Bond 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" herein for further information provided by the Bond Insurer and the Bond Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. Copies of the Bond Resolution may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Resolution 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. The Bonds will mature on September 1 of the years and in the principal amounts, and will bear interest from the initial date of delivery (on or about December 15, 2026), at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable 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" below.

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

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by 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 and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do 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, 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 Resolution will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution 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 corporate trust 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 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 the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day

which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption of the Bonds

The Bonds that mature 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.

Mutilated, Lost, Stolen or Destroyed 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 to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The Bonds are issued pursuant to (i) the Bond Resolution; (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and (iii) an election held within the District on May 3, 2025.

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 Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal District. Tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund (defined below) and used solely to pay principal of and interest on the Bonds, any outstanding bonds issued for the Road System, and additional bonds payable from taxes which may be issued for the Road System.

Bonds issued for the Road System are supported by the proceeds of a unlimited tax levied annually by the District. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the bonds issued by the District for the Utility System. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; the County; the Town; or any entity other than the District.

Issuance of Additional Debt

At an election held within the District on May 3, 2025, voters of the District authorized the District's issuance of $1,523,420,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System or refunding bonds issued for such purpose and $515,000,000 principal amount of unlimited

tax bonds for the purpose of acquiring or constructing the "Road System or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, $1,523,420,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $510,820,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developers approximately $20,818,156 for the current expenditures related to the construction of the Utility System and $ 8,343,970 for the current expenditures related to the construction of the Road System on behalf of the District.

Based on present engineering costs estimates and on development plans supplied by the Developers, in the opinion of the Engineer (hereinafter defined), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds may not be sufficient to fully reimburse the Developers for the existing facilities and to finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District. If the amount of remaining voted authorization is insufficient, the District would need to hold an election to request additional voted bonds.

Additional bonds may hereafter be approved by the voters of 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.

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

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

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
5/3/2025	Utility System & Refunding	$1,523,420,000		$1,523,420,000
5/3/2025	Road System & Refunding	$515,000,000	$4,180,000 (a)	$510,820,000

(a) The Bonds.

No Arbitrage

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the Town of Bartonville, Texas (the "Town") the District must conform to a Town consent ordinance. Generally, the District may be annexed by the Town without the District's consent, and the Town cannot annex territory within the District unless it annexes the entire District; however, the Town may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area

to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the Town will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the Town is a policy-making matter within the discretion of the Mayor and Town Council of the Town, and therefore, the District makes no representation that the Town will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the Town to make debt service payments should annexation occur.

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.

Funds

The Bond Resolution creates the Road System Debt Service Fund, the District's fund for debt service on the Bonds. Eighteen (18) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund, which constitutes a fund for the benefit of the owners of the Bonds. Such fund will be kept separate from all other funds of the District and is to be used solely for payment of debt service on the Bonds. 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 to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, or (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, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

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

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on the Bonds when due, fails to make payments required by the Bond Resolution into the Road System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions, or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse Spur Furst for costs associated with certain improvements serving the District as set out below. Proceeds of the Bonds will also be used to pay developer interest, eighteen (18) months of capitalized interest, and costs of issuance on the Bonds as described below.

	CONSTRUCTION COSTS	Amount
1	Phase 1 - Paving	3,186,205
	Total Construction Costs	3,186,205
	NON-CONSTRUCTION COSTS	
1	Legal Fees	119,500
2	Financial Advisor Fees	83,600
3	Interest Costs	
	A. Capitalized Interest (18 Months)	323,306
	B. Developer Interest	225,298
4	Underwriters Discount	125,400
5	Bond Issuance Expense	54,393
6	Bond Engineering Report	20,900
7	Attorney General Fee	4,180
8	Contingency (a)	37,218
	Total Non-Construction Costs	993,795
	TOTAL BOND ISSUE REQUIREMENT	4,180,000

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

The construction costs described above were compiled by the Engineer (hereinafter defined), based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates. In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof.

THE DISTRICT

General

The District is a conservation and reclamation district of the State, created by order of the Texas Commission on Environmental Quality issued February 6, 2025. The District is a municipal utility district created pursuant to Section 59, Article XVI and Section 52, Article III, of the Texas Constitution and operates under Chapters 49 and 54 of the Texas Water Code.

Authority

The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59, and Article III, Section 52 of the Texas Constitution.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is further empowered to construct roads within the boundaries of the District as well as improvements in aid thereof.

The District also is authorized to construct, develop, and maintain park and recreational facilities using operating revenues. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

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 in 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	Title	Term Expires May
Reese Hillard	President	2030
Grant Sechler	Vice President	2028
Hayden Sieling	Secretary	2030
Robert Larkin	Assistant Secretary	2028
Edgar Bright	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 deposit 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, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services are as follows:

Tax Assessor/Collector: The District has engaged Utility Tax Services, LLC as the District's "Tax Assessor/Collector." The Tax Assessor/Collector applies the District's tax and assessment levies to the tax roll prepared by the Denton Central Appraisal District (the "Appraisal District") from information obtained from the Appraisal District. The Tax Assessor/Collector also manages delinquency in the payment of any annual installment and/or taxes.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, LP.

Operator: The District's operator is Inframark, LLC

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended February 28, 2026. See "APPENDIX A" for a copy of the District's February 28, 2026, audited financial statements.

Engineer: The District's engineer is Jones-Heroy & Associates, Inc. (the "Engineer").

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

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

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

DEVELOPMENT OF THE DISTRICT

To date, approximately 172.542 acres within the District have been developed as 498 total single-family lots in the following phases: Furst Ranch Phases 1, 4A and 4B. In addition, approximately 76.305 acres (241 lots) as Furst Ranch, Phase 2 and approximately 70.638 acres (227 lots) as Furst Ranch, Phase 3 are currently being developed. As of September 15, 2026, the District included approximately 67 completed homes (approximately 49 occupied, 5 unoccupied, and 13 model homes); approximately 40 homes under construction; and approximately 391 vacant developed lots. The remaining land in the District includes approximately 128.936 acres planned for development as additional single-family residential sections; and approximately 13.00 acres of undevelopable land in the District.

Status of Development within the District

The following is a summary of the status of construction of single-family housing within the District as of September 15, 2026:

Furst Ranch	Section Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots [b]
Phase 1 [a]	89.261	267	67	34	166
Phase 4A	34.940	120	–	6	114
Phase 4B	48.341	111	–	–	111
Totals	172.542	498	67	40	391

Residential Under Development [c]	146.943
Undevelopable	13.000
Remaining Developable	128.936
District Total	461.421

(a) Includes an amenity center.
(b) See "RISK FACTORS – Vacant Developed Lots."
(c) Consists of Furst Ranch, Phase 2 (approximately 241 lots on 76.305 acres) and Phase 3 (approximately 227 lots on 70.638 acres).

Homebuilders within the District

The active homebuilders in the District are Highland Homes, Weekley Homes, Shaddock Homes, Toll Brothers, Ashton Woods, Drees Homes, Tradition Homes, Partners in Building, and Coventry Homes. Prices of homes being constructed in the District range in price from approximately $609,990 to $1,679,000 and range in size from approximately 1,882 square-feet to 5,967 square-feet.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2026)

















PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2026)










THE DEVELOPERS/PRINCIPAL LANDOWNERS

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 Developers will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a 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 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 Developers, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developers, nor any affiliate entity, has a binding commitment to the District to carry out any plan of development, and the furnishing of information related to the proposed development by the Developers 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.

The Developer

Old WR Ranch I Hacker initially owned all of the approximately 475 acres within the District. CW-Furst Ranch, LLC has entered into a contract with Spur Furst Ranch Development, LP, a Texas limited partnership (the "Spur Furst") and the a developer within the District, providing an exclusive option to the Spur Furst to purchase land within the District on an as needed basis for single-family residential development. Spur Furst has purchased approximately 330 acres in the District from Old WR Ranch I Hacker for the purpose of developing Furst Ranch, Phases 1, 2, and 3 anticipated to consist of 726 lots on approximately 330 acres. Old WR Ranch I Hacker continues to own approximately 145 acres within the District. Spur Furst is an affiliate of Starwood Land Advisors, LLC, a Delaware limited liability company ("Starwood"). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Spur Furst during the development phase. Spur Furst is a single purpose entity formed for the purpose of developing the land it owns within the District. Spur Furst's assets consist primarily of the land in the District and the receivables due from the District for development costs. Spur Furst has minimal revenues and is currently operating at a net loss. Spur Furst has entered into a management agreement with Axim Partners LP ("Axim"), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines Interest LP, the previous developer, as development managers for the District. To date, Spur Furst has developed approximately 89 acres (267 lots) within the District and continues to own approximately 105 acres within the District.

Arroyo Cap V-1 LLC, a Delaware limited liability company, purchased approximately 82 acres within the District from Spur Furst for the purpose of owning and holding such land for investment and owning and holding the developed single-family lots on such acreage for Toll Southwest, LLC, a Texas limited liability company ("Toll Southwest"), and Ashton Dallas Residential LLC, a Texas limited liability company ("Ashton").

Toll Southwest and Ashton have developed Furst Ranch, Phases 4A and 4B which consists of 231 lots on approximately 82 acres. Arroyo Cap V-1 LLC sells the land to Toll Southwest and Ashton for future single-family residential development on an as needed basis. Toll Southwest and Ashton will manage the development of the lots within Furst Ranch, Phases 4A and 4B. To date, Toll Southwest and Ashton have acquired approximately 21 acres within the District from Arroyo Cap V-1 LLC, and Toll Southwest and Ashton are currently constructing homes thereon. Arroyo Cap V-1 LLC currently owns approximately 61 acres and about one third of the total vacant developed lots within Furst Ranch, Phases 4A and 4B. Spur Furst has retained the right to reimbursement of the public infrastructure constructed on such acreage. Spur Furst, Toll Southwest and Ashton may be collectively referred to herein as the "Developers."

Development Financing

Spur Furst obtained financing for a portion of the development of Furst Ranch through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $122,603,223.68 Public Finance Authority Texas Infrastructure Program Tax-Exempt Revenue Anticipation Capital Appreciation Bonds (Creekhaven, Wildrye and Furst Ranch Projects), Series 2026 (the "Launch Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the future sale of unlimited tax bonds issued by the District, including the Bonds. According to the Developers, they are currently in compliance with all material representations and certifications made with respect to the Launch Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS – Approval of the Bonds."

Lot-Sales Contracts

The Developers has entered into lot-sales contracts with each of Highland Homes, Weekley Homes, Shaddock Homes, and Coventry Homes. The contracts for the sale of lots with the builders require that earnest money be deposited with a title company, typically 20% 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. Generally, a 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 Developers, each of the builders is in compliance with their respective lot-sales contracts. As of September 15, 2026, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
Highland Homes	59	59
Weekley Homes	163	49
Shaddock Homes	138	38
Toll Brothers	112	112
Ashton Woods	118	118
Drees Homes	86	21
Tradition Homes	65	23
Partners in Building	23	23
Homebound	108	0
Coventry Homes	48	48
Totals	920	491

THE SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the Town. According to the Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

- Water Supply -

Water supply for the District is provided by Argyle Water Supply Corporation (the "WSC"), pursuant to the Non-Standard Water Service Contract (the "Water Agreement"). Pursuant to the Water Agreement, the WSC shall provide water service to serve the District and will operate and maintain the facilities within the District.

- Wastewater Treatment -

Wastewater treatment is provided by the Trinity River Authority ("TRA"). The District has wholesale wastewater treatment service from TRA. TRA will use its existing Denton Creek Regional Wastewater System treatment facilities to serve the ultimate build-out demands of the District.

- Drainage -

Stormwater runoff within the District will be collected in curb and gutter streets into flumes or inlets which will convey the flows overland or via underground lines, respectively. Stormwater from the proposed storm sewer system will typically outfall into unnamed tributaries into Grapevine Lake, which outfalls into Denton Creek, thence to the Elm Fork of the Trinity River, and ultimately into the Trinity River.

- Roads -

The District has one main point of access from US 377. A collector road has been constructed along with and local streets to serve the District. A second main point of access from US 377 will be constructed in the future. Construction of the District's Road System is subject to certain regulation by Denton County and the Texas Department of Transportation. The roads in the District are constructed with concrete curbs and gutter roadways. Remaining streets provide local interior service within the District. The Road System also includes, or will include, streetlights, and franchise utilities (electric, phone, and cable). The Road System is being constructed by the District and will be maintained by the District.

100 Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the "100-year flood plain", is depicted on these maps. The 100-year flood plain as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to Federal Emergency Management Agency Flood Insurance Rate Map Nos. 48121C0505G and 48121C0510G, effective April 18, 2011, the proposed District approximately has 13 acres within the 100-year floodplain. Such acreage is not considered to be developable and no development within the District is expected to occur within the 100-year flood plain.

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
(UNAUDITED)

2026 Taxable Assessed Valuation	$ 46,287,344	(a)
Estimate of Value as of September 15, 2026	$ 137,951,389	(b)
Direct Debt:		
The Bonds	$ 4,180,000	
Total	$ 4,180,000	
Estimated Overlapping Debt	$ 5,291,666	(c)
Total Direct and Estimated Overlapping Debt	$ 9,471,666	(c)
Direct Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	9.03 %	
As a percentage of the Estimate of Value as of September 15, 2026	3.03 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	20.46 %	
As a percentage of the Estimate of Value as of September 15, 2026	6.87 %	
Road System Debt Service Fund Balance (as of the Date of Delivery)	$ 323,306	(d)
General Operating Fund Balance (as of October 19, 2026)	$ 115,258	(e)
2026 Tax Rate		
Utility System Debt Service	$0.0000	
Road System Debt Service	$ 0.0000	
Maintenance and Operations	$ 1.2000	
Total	$ 1.2000	(f)
Average Annual Debt Service Requirement (2027-2051)	$ 300,848	(g)
Maximum Annual Debt Service Requirement (2051)	$ 327,600	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds (2027-2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.69	
Based on the Estimate of Value as of September 15, 2026, at 95% Tax Collections	$ 0.23	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.75	
Based on the Estimate of Value as of September 15, 2026, at 95% Tax Collections	$ 0.25	

(a) As certified by the Denton Central Appraisal District ("Appraisal District") as of January 1, 2026. See "TAX DATA" and "TAXING PROCEDURES."

(b) The estimated taxable value is an estimate of the value of all taxable property located within the District as of September 15, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, to September 15, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Represents eighteen (18) months of capitalized interest. Neither Texas law nor the Bond Resolution 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 by the District for the Utility System (herein defined).

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

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

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

Debt Service Requirement Schedule

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

Calendar Year	Principal	Interest	Total Debt Service
2027	$ –	$ 153,271	$ 153,271
2028	–	215,538	215,538
2029	90,000	215,538	305,538
2030	95,000	209,688	304,688
2031	105,000	203,513	308,513
2032	110,000	196,688	306,688
2033	115,000	189,538	304,538
2034	120,000	182,063	302,063
2035	130,000	174,263	304,263
2036	135,000	167,600	302,600
2037	145,000	160,850	305,850
2038	150,000	153,600	303,600
2039	160,000	146,100	306,100
2040	170,000	138,100	308,100
2041	180,000	129,600	309,600
2042	190,000	120,600	310,600
2043	200,000	111,100	311,100
2044	215,000	101,100	316,100
2045	225,000	90,350	315,350
2046	240,000	79,100	319,100
2047	250,000	67,100	317,100
2048	265,000	54,600	319,600
2049	280,000	41,350	321,350
2050	295,000	27,350	322,350
2051	315,000	12,600	327,600
Total	$ 4,180,000	$ 3,341,196	$ 7,521,196

Average Annual Debt Service Requirements on the Bonds (2027-2051) ..... $ 300,848

Maximum Annual Debt Service Requirements on the Bonds (2051) ..... $ 327,600

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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	0.02%	$150,276
Argyle Independent School District	663,654,822	0.75%	5,141,390
Total Estimated Overlapping Debt			5,291,666
The District (a)			4,180,000
Total Direct & Estimated Overlapping Debt			9,471,666

(a) The Bonds.

Debt Ratios

Ratios of Direct Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	9.03 %
As a percentage of the Estimate of Value as of September 15, 2026	3.03 %
Ratios of Direct and Estimated Overlapping Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	20.46 %
As a percentage of the Estimate of Value as of September 15, 2026	6.87 %

(a) Includes the Bonds.

TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Property Tax Code (the "Property Tax Code") 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 that the District may hereafter issue for the purpose of acquiring or constructing the Utility System, the Road System, and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is further 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 that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads 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 of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

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

Valuation of Property for Taxation

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

The Property Tax Code 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, open space land, and timberland.

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

Tax Abatement

Denton County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Denton County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem

taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Denton County has not designated any of the area within the District as a reinvestment zone.

Reappraisal of Property after Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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.

Tax Payment Installments After Disaster

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

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

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.

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.

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total

tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. 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 Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year 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 two separate annual ad valorem taxes, each 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 Resolution 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 tax rate of $1.20 per $100 of assessed valuation comprised fully of a maintenance and operation tax.

Tax Rate Limitation

Utility System Debt Service:..... Unlimited (no legal limit as to rate or amount).
Road System Debt Service:..... Unlimited (no legal limit as to rate or amount).
Maintenance and Operation: ..... $1.20 per $100 assessed taxable valuation.
Maintenance and Operation (Road):..... $0.25 per $100 assessed taxable valuation.

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 have been issued or may be issued in the future. See "Tax Rate Distribution" below.

Additional Penalties

The Tax Assessor/Collector 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 fifteen percent (15%) of the tax to defray the costs of collection. This fifteen percent (15%) 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

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 9/30/26
2025	$8,934,203	$1.200	$107,210	100.00%	2026	100.00%
2026	46,287,344	1.200	555,448	(a)	2027	(a)

(a) In process of collection.

Tax Rate Distribution

	2026	2025
Utility System Debt Service	–	–
Road System Debt Service	–	–
Maintenance and Operations	$1.2000	$1.2000
Total	$1.2000	$1.2000

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2025–2026 tax rolls as certified by the Appraisal District.

Type of Property	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation
Land	$56,027,153	$14,862,849
Improvements	546,172	536,168
Personal Property	–	–
Exemptions	(10,285,981)	(6,464,814)
Total	$46,287,344	$8,934,203

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the Appraisal District's original certification of the appraisal rolls for the 2026 tax year. The values and percentages below are subject to adjustment due to supplemental certifications of the 2026 appraisal rolls by the Appraisal District.

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
Arroyo Cap V-1 LLC (a)	Land & Improvements	$ 12,908,486	27.89%
Spur Furst Ranch Development (b)	Land & Improvements	9,506,737	20.54%
Highland Homes-Dallas LLC (c)	Land & Improvements	4,716,282	10.19%
Weekley Homes LLC (c)	Land & Improvements	4,175,895	9.02%
KL LB Propco IV-C LLC	Land & Improvements	2,756,130	5.95%
Shaddock Homes Ltd (c)	Land & Improvements	1,960,117	4.23%
CW-Furst Ranch LLC	Land & Improvements	1,778,373	3.84%
Old WR Ranch I Hacker LP (b)	Land & Improvements	1,773,382	3.83%
High Plains at Furst Ranch	Land & Improvements	1,663,384	3.59%
DFH Coventry LLC (c)	Land & Improvements	1,350,429	2.92%
Total		$ 42,589,215	92.01%

(a) Arroyo Cap V-1 LLC owns and is holding land and developed single-family lots on approximately 82 acres for Toll Southwest and Ashton. See "THE DEVELOPER/PRINCIPAL LANDOWNERS."
(b) See "THE DEVELOPER/PRINCIPAL LANDOWNERS."
(c) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds, if no growth in the District's tax base occurs beyond the 2026 Taxable Assessed Valuation ($46,287,344) or the Estimate of Value as of September 15, 2026 ($137,951,389). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027-2051) $300,848
Debt Service Tax Rate of $0.69 on the 2026 Taxable Assessed Valuation produces $303,414
Debt Service Tax Rate of $0.23 on the Estimate of Value as of September 15, 2026, produces $301,424

Maximum Annual Debt Service Requirement (2051) $327,600
Debt Service Tax Rate of $0.75 on the 2026 Taxable Assessed Valuation produces $329,797
Debt Service Tax Rate of $0.25 on the Estimate of Value as of September 15, 2026, produces $327,635

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

Taxing Jurisdiction	2026 Tax Rate
The District	$1.200000
Denton County	$0.183394
Denton County ESD No. 1	$0.060000
Denton County ESD No. 2	$0.100000
Argyle Independent School District	$1.155800
Total Tax Rate	$2.699194

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "– Book-Entry-Only System" and "– Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

The District will furnish the Initial Purchasers a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Initial Purchasers 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

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined

according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues 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 OID 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Bond.

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission ("SEC") regarding the District's continuing disclosure obligations because the District does not have more than $10,000,000 in aggregate amount of bonds outstanding (including

the Bonds) and no person is committed by contract or other agreement with respect to payment of the bonds. As required by Rule 15c2-12, and in the Bond Resolution, 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 events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system for such purpose.

Annual Reports

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

The financial information and operating data which will be provided with respect to the District is found in "APPENDIX A" (Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending on or after 2027. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report 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 the audit report becomes available.

In addition, the District has agreed to provide information with respect to the Developers, any person or entity to whom Spur Furst voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the Bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning Spur Furst and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding. The information to be provided with respect to Spur Furst is found in "TAX DATA – Principal Taxpayers."

The District's fiscal year end is currently February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA 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 status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, 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, 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, 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, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolutions makes any provision for debt service reserves or liquidity enhancement. 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 specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the United States Securities and Exchange Commission amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchasers from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Bonds are the District's first issuance of unlimited tax bonds; therefore, the District has not previously entered into any continuing disclosure agreements in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended February 28, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

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

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 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 Purchasers elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers 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 Purchasers 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.

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CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of 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 Furst Ranch Municipal Utility District No. 1 of Denton County as of the date shown on the cover page hereof.

/s/ Reese Hillard
President, Board of Directors
Furst Ranch Municipal Utility District No. 1 of Denton County

ATTEST:

/s/ Hayden Sieling
Secretary, Board of Directors
Furst Ranch Municipal Utility District No. 1 of Denton County

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Furst Ranch Municipal Utility
District No. 1 of Denton County
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Furst Ranch Municipal Utility District No. 1 of Denton County (the "District") as of and for the year ended February 28, 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 major fund of the District as of February 28, 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
Furst Ranch Municipal Utility
District No. 1 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

October 19, 2026

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026

Management's discussion and analysis of the financial performance of Furst Ranch Municipal Utility District No. 1 of Denton County (the "District") provides an overview of the District's financial activities for the fiscal year ended February 28, 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for maintenance tax revenues, developer advances, professional fees, and administrative expenditures.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $414,280 as of February 28, 2026. This is the District's first audit. In future years a comparative analysis of government-wide changes in net position will be presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position as of February 28, 2026:

	Summary of the Statement of Net Position
	2026
Current and Other Assets	$ 719,689
Right-to-Use Asset (Net of Amortization)	2,157,145
Capital Assets (Net of Depreciation)	8,936,631
Total Assets	$ 11,813,465
Due to Developer	$ 9,738,165
Capacity Purchase Payable	1,847,128
Other Liabilities	642,452
Total Liabilities	$ 12,227,745
Net Position:	
Net Investment in Capital Assets	$ (148,517)
Unrestricted	(265,763)
Total Net Position	$ (414,280)

The following table provides a summary of the District's operations for the year ended February 28, 2026. The District's net position decreased by $414,280.

	Summary of the Statement of Activities
	2026
Revenues:	
Property Taxes	$ 107,210
Other Revenues	365
Total Revenues	$ 107,575
Total Expenses	521,855
Change in Net Position	$ (414,280)
Net Position, Beginning of Year	-0-
Net Position, End of Year	$ (414,280)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by $77,222, primarily due to property tax revenues and developer advances exceeding operating expenditures during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a budget for the General Fund and did not amend the budget during the fiscal year. Actual revenues were $107,560 more than budgeted revenues, actual expenditures were $661,179 more than budgeted expenditures, and developer advances received were $630,841 more than budgeted advances. The net result was a positive budget variance of $77,222. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of February 28, 2026, totaled $8,936,631 and included roads as well as the water system.

Capital Assets At Year-End

	2026
Capital Assets Not Being Depreciated:	
Construction in Progress	$ 9,347
Capital Assets Subject to Depreciation:	
Water System	1,597,689
Roads	7,403,039
Less Accumulated Depreciation	(73,444)
Total Net Capital Assets	$ 8,936,631

RIGHT-TO-USE ASSETS AND RELATED LIABILITIES

The District purchased capacity in the Trinity River Authority's wastewater treatment facilities as described in Note 9. Right-to-use assets totaling $2,157,145 and capacity purchase payable of $1,847,128 are recorded in the government-wide financial statements.

LONG-TERM DEBT

As of February 28, 2026, the District recorded an amount due to Developer of $9,738,165, which consisted of operating advances and completed infrastructure assets.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026

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 Furst Ranch Municipal Utility District No. 1 of Denton County, c/o Allen Boone Humphries Robinson LLP, 4514 Cole Avenue, Suite 1450, Dallas, Texas 75205.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
FEBRUARY 28, 2026

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 6,696	$	$ 6,696
Receivables:			
Property Taxes	15		15
Tax Assessor	107,195		107,195
Operating Advances	600,000		600,000
Prepaid Costs	5,783		5,783
Construction in Progress		9,347	9,347
Right-to-Use Asset (Net of Accumulated Amortization)		2,157,145	2,157,145
Capital Assets (Net of Accumulated Depreciation)		8,927,284	8,927,284
TOTAL ASSETS	$ 719,689	$ 11,093,776	$ 11,813,465
LIABILITIES			
Accounts Payable	$ 642,452	$	$ 642,452
Due to Developer		9,738,165	9,738,165
Long-Term Liabilities:			
Capacity Purchase Payable, Due Within One Year		230,891	230,891
Capacity Purchase Payable, Due After One Year		1,616,237	1,616,237
TOTAL LIABILITIES	$ 642,452	$ 11,585,293	$ 12,227,745
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 15	$ (15)	$ -0-
FUND BALANCE			
Nonspendable - Prepaid Costs	$ 5,783	$ (5,783)	$
Unrestricted	71,439	(71,439)	
TOTAL FUND BALANCE	$ 77,222	$ (77,222)	$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 719,689		
NET POSITION			
Net Investment in Capital Assets		$ (148,517)	$ (148,517)
Unrestricted		(265,763)	(265,763)
TOTAL NET POSITION		$ (414,280)	$ (414,280)

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

FURST RANCH MUNICIPAL UTILITY
DISTRICT NO. 1 OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2026

Total Fund Balance - Governmental Fund		$ 77,222
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and right-to-use assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		11,093,776
Deferred inflows of resources related to property taxes receivable for the 2025 tax levy became part of recognized revenue in the governmental activities of the District.		15
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This liability at year end consisted of -		
Due to Developer	$ (9,738,165)	
Capacity Purchase Payable	(1,847,128)	(11,585,293)
Total Net Position - Governmental Activities		$ (414,280)

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

FURST RANCH MUNICIPAL UTILITY
DISTRICT NO. 1 OF DENTON COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED FEBRUARY 28, 2026

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 107,195	$ 15	$ 107,210
Miscellaneous Revenues	365		365
TOTAL REVENUES	$ 107,560	$ 15	$ 107,575
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 187,131	$	$ 187,131
Contracted Services	9,688		9,688
Purchased Wastewater Service	149,427		149,427
Depreciation		73,444	73,444
Amortization		36,324	36,324
Other	22,660		22,660
Capital Outlay	15,360	(15,360)	
Debt Service:			
Capacity Principal	346,341	(346,341)	
Capacity Interest	43,181		43,181
TOTAL EXPENDITURES/EXPENSES	$ 773,788	$ (251,933)	$ 521,855
DEFICIENCY OF REVENUES UNDER EXPENDITURES/EXPENSES	$ (666,228)	$ 251,948	$ (414,280)
OTHER FINANCING SOURCES			
Developer Advances	$ 743,450	$ (743,450)	$ -0-
NET CHANGE IN FUND BALANCE	$ 77,222	$ (77,222)	$
CHANGE IN NET POSITION		(414,280)	(414,280)
FUND BALANCE/ NET POSITION - MARCH 1, 2025			
FUND BALANCE/ NET POSITION - FEBRUARY 28, 2026	$ 77,222	$ (491,502)	$ (414,280)

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

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED FEBRUARY 28, 2026

Net Change in Fund Balance - Governmental Fund	$	77,222
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.		15
Depreciation of capital assets and amortization of right-to-use assets are recorded in the Statement of Activities.		(109,768)
Governmental funds report capital outlay as expenditures in the year paid. In governmental activities, capital outlay increases capital assets.		15,360
Governmental funds report the repayment of capacity purchases as expenditures. However, in governmental activities, the principal portion of capacity purchase payments decrease long-term liabilities.		346,341
Developer advances are recorded as other financing sources in governmental funds and as a liability in governmental activities.		(743,450)
Change in Net Position - Governmental Activities	$	(414,280)

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

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 1. CREATION OF DISTRICT

The District was created by the Texas Commission on Environmental Quality (the "TCEQ") on February 6, 2025, as a municipal utility district. On September 19, 2023, the District was granted consent to operate within the extraterritorial jurisdiction of the Town of Bartonville, Texas (the "Town") pursuant to an Amended Creation and Operation Agreement with the Town. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining 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. The District is subject to the continuing supervision of the TCEQ.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

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

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Fund

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance. The District has one governmental fund and considers it to be a major fund. The General Fund accounts for maintenance tax revenues, developer advances, operating costs, professional fees and administrative expenditures.

Basis of Accounting

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

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

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are valued at historical costs or estimated historical costs if actual historical costs 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 extended 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 periods ranging from 35 to 45 years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Certain District infrastructure is operated and maintained by other entities. In accordance with governmental accounting standards, the District records its investment in infrastructure as capital assets in its financial statements as well as the associated long-term liabilities to finance the costs of such infrastructure which is used for the benefit of residents within the District.

Right-to-Use Assets

The District purchased capacity in the Trinity River Authority's wastewater treatment facilities as described in Note 9. The capacity purchase is considered a right-to-use asset and is being amortized over the estimated useful life of the underlying assets of 45 years using the straight-line method.

Budgeting

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

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. 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. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. BOND AUTHORIZATION

At an election held on May 3, 2025, voters authorized the issuance of the following categories of bonds: $1,523,420,000 for the purposes of acquiring or construction of water, sewer and drainage facilities and for the refunding such bonds; and $515,000,000 for roads and for the refunding of such bonds.

NOTE 4. RISK MANAGEMENT

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

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 $6,696 and the bank balance was $9,087. The District was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

NOTE 6. CAPITAL ASSETS

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

	March 1, 2025	Increases	Decreases	February 28, 2026
Capital Assets Not Being Depreciated				
Construction in Progress	$ - 0 -	$ 9,347	$ - 0 -	$ 9,347
Capital Assets Subject to Depreciation				
Roads	$	$ 7,403,039	$	$ 7,403,039
Water System		1,597,689		1,597,689
Total Capital Assets Subject to Depreciation	$ - 0 -	$ 9,000,728	$ - 0 -	$ 9,000,728
Less Accumulated Depreciation				
Roads	$	$ 64,690	$	$ 64,690
Water System		8,754		8,754
Total Accumulated Depreciation	$ - 0 -	$ 73,444	$ - 0 -	$ 73,444
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ - 0 -	$ 8,927,284	$ - 0 -	$ 8,927,284
Capital Assets, Net of Accumulated Depreciation	$ - 0 -	$ 8,936,631	$ - 0 -	$ 8,936,631

NOTE 7. MAINTENANCE TAX

On May 3, 2025, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. Maintenance tax revenues may be used to pay any legally authorized expenditures of the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $1.20 per $100 of assessed valuation, which resulted in a tax levy of $107,210 on the adjusted taxable valuation of $8,934,203 for the 2025 tax year.

Voters also approved the levy and collection of a maintenance tax in an amount not to exceed $0.25 per $100 of assessed valuation of taxable property within the District for the purposes of maintaining roads within 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 DEVELOPER COSTS

The District and the developer entered into agreements which require the developer to fund costs associated with construction of roads, utilities and other public infrastructure serving the residents of the District in addition to operating advances during the early stages of District development. The District is responsible for reimbursing certain public infrastructure costs and operating advances. The following table summarizes the activity during the current fiscal year:

Due to Developer, beginning of year	$ -0-
Current year additions	9,738,165
Due to Developer, end of year	$ 9,738,165

NOTE 9. TRINITY RIVER AUTHORITY

On April 23, 2025, the District entered into the Trinity River Authority of Texas – Denton Creek Regional Wastewater Treatment System Ninth Supplemental Contract (the "Contract"). The District is the tenth additional contracting party with respect to the System. The District makes monthly payments for purchased wastewater services which are comprised of an operations and maintenance component and a debt service component. Current year payments for operations, maintenance, and debt service totaled $149,427.

NOTE 9. TRINITY RIVER AUTHORITY (Continued)

The Contract also required the District to make a buy-in payment equal to $2,193,469. The developer, on behalf of the District, made the initial buy-in payment of $115,450 at the time the Contract was signed. The District is obligated to make the remaining 9 annual payments, which accrue interest at 4.156%, on January 1st of each year. The District's first annual payment of $274,072 was due January 1, 2026, and included principal of $230,891 and interest of $43,181.

As of February 28, 2026, the liability for the District's buy-in was $1,847,128. Current year changes in the amount owed to the Trinity River Authority are summarized below:

Capacity Purchase Payable, March 1, 2025	$
Addition: Capacity Purchased	2,193,469
Less: Capacity Principal Paid	(346,341)
Capacity Purchase Payable, February 28, 2026	$ 1,847,128

Future buy-in payments are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2027	$ 230,891	$ 76,767	$ 307,658
2028	230,891	67,171	298,062
2029	230,891	57,575	288,466
2030	230,891	47,979	278,870
2031	230,891	38,383	269,274
Thereafter	692,673	57,575	750,248
Total	$ 1,847,128	$ 345,450	$ 2,192,578

Current year changes in right-to-use assets are summarized in the following table:

	March 1, 2025	Increases	Decreases	February 28, 2026
Right-to-Use Asset Subject to Amortization				
TRA Wastewater Treatment Capacity	$	$ 2,193,469	$	$ 2,193,469
Less Accumulated Amortization				
TRA Wastewater Treatment Capacity		36,324		36,324
Right-to-Use Asset, Net of Accumulated Amortization	$ - 0 -	$ 2,157,145	$ - 0 -	$ 2,157,145

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2026

FURST RANCH MUNICIPAL UTILITY
DISTRICT NO. 1 OF DENTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$	$ 107,195	$ 107,195
Miscellaneous Revenues		365	365
TOTAL REVENUES	$ -0-	$ 107,560	$ 107,560
EXPENDITURES			
Service Operations:			
Professional Fees	$ 75,000	$ 187,131	$ (112,131)
Contracted Services	15,000	9,688	5,312
Purchased Wastewater Service		149,427	(149,427)
Other	22,609	22,660	(51)
Capital Outlay		15,360	(15,360)
Capacity Purchase Principal and Interest		389,522	(389,522)
TOTAL EXPENDITURES	$ 112,609	$ 773,788	$ (661,179)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (112,609)	$ (666,228)	$ (553,619)
OTHER FINANCING SOURCES			
Developer Advances	$ 112,609	$ 743,450	$ 630,841
NET CHANGE IN FUND BALANCE	$	$ 77,222	$ 77,222
FUND BALANCE - MARCH 1, 2025			
FUND BALANCE - FEBRUARY 28, 2026	$ -0-	$ 77,222	$ 77,222

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 28, 2026

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order approved February 11, 2026.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WASTEWATER:	$ 80.00	N/A	Y	N/A	N/A

District employs winter averaging for wastewater usage? _____ Yes X No

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY
DISTRICT NO. 1 OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

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

Gallons pumped into system:	N/A	Water Accountability Ratio: N/A (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	N/A	
Gallons billed to customers:	N/A	

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

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?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located– Town of Bartonville

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2026

PROFESSIONAL FEES:		
Engineering	$	31,100
Legal		156,031
TOTAL PROFESSIONAL FEES	$	187,131
PURCHASED SERVICES FOR RESALE:		
Purchased Wastewater Service	$	149,427
CONTRACTED SERVICES:		
Bookkeeping	$	9,688
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	7,023
Insurance		3,069
Office and Administrative		8,534
Meetings, Election and Other		4,034
TOTAL ADMINISTRATIVE EXPENDITURES	$	22,660
CAPITAL OUTLAY	$	15,360
DEBT SERVICE:		
Capacity Purchase Principal	$	346,341
Capacity Purchase Interest		43,181
TOTAL DEBT SERVICE	$	389,522
TOTAL EXPENDITURES	$	773,788

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026

	Maintenance Taxes	
TAXES RECEIVABLE - MARCH 1, 2025	$ -0-	
Adjustments to Beginning Balance		$ -0-
Original 2025 Tax Levy	$	
Adjustment to 2025 Tax Levy	107,210	107,210
TOTAL TO BE ACCOUNTED FOR		$ 107,210
TAX COLLECTIONS:		
Prior Years	$	
Current Year	107,195	107,195
TAXES RECEIVABLE - FEBRUARY 28, 2026		$ 15
TAXES RECEIVABLE BY YEAR:		
2025		$ 15

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026

	2025
PROPERTY VALUATIONS:	
Land	$ 8,398,035
Improvements	536,168
TOTAL PROPERTY VALUATIONS	$ 8,934,203
TAX RATE PER $100 VALUATION	
MAINTENANCE -	$ 1.20
ADJUSTED TAX LEVY*	$ 107,210
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.99 %

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

* Maintenance Tax – Maximum tax rate of $1.20 per $100 assessed valuation was approved by voters on May 29, 2025.

* Road Maintenance Tax – Maximum tax rate of $0.25 per $100 assessed valuation was approved by voters on May 29, 2025.

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – ONE YEAR

	Amounts	Percentage of Total Revenues
	2026	2026
REVENUES		
Property Taxes	$ 107,195	99.7 %
Miscellaneous Revenues	365	0.3
TOTAL REVENUES	$ 107,560	100.0 %
EXPENDITURES		
Professional Fees	$ 187,131	174.0 %
Contracted Services	9,688	9.0
Purchased Wastewater Service	149,427	138.9
Other	22,660	21.1
Capital Outlay	15,360	14.3
Capacity Purchase Principal and Interest	389,522	362.1
TOTAL EXPENDITURES	$ 773,788	719.4 %
DEFICIENCY OF REVENUES UNDER EXPENDITURES	$ (666,228)	(619.4) %
OTHER FINANCING SOURCES		
Developer Advances	$ 743,450	
NET CHANGE IN FUND BALANCE	$ 77,222	
BEGINNING FUND BALANCE		
ENDING FUND BALANCE	$ 77,222	

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY
DISTRICT NO. 1 OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026

District Mailing Address - Furst Ranch Municipal Utility
District No. 1 of Denton County
c/o Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205

District Telephone Number - (972) 823-0800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended February 28, 2026	Expense Reimbursements for the year ended February 28, 2026	Title
Reese Hillard	05/25 05/30 (Elected)	$ 1,326	$ -0-	President
Grant Sechler	05/25 05/28 (Elected)	$ 1,547	$ -0-	Vice President
Hayden Sieling	05/25 05/30 (Elected)	$ 1,768	$ -0-	Secretary
Robert Larkin	05/25 05/28 (Elected)	$ 1,326	$ -0-	Assistant Secretary
Edgar Bright	05/25 05/30 (Elected)	$ -0-	$ -0-	Assistant Secretary

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

The most recent submission date of the District Registration Form was on _____.

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

See accompanying independent auditor's report.

FURST RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026

Consultants:	Date Hired	Fees for the year ended February 28, 2026	Title
Allen Boone Humphries Robinson LLP	02/13/25	$ 165,163	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/10/26	$ -0-	Auditor
Municipal Accounts & Consulting, LP	02/13/25	$ 10,458	Bookkeeper
Jones-Heroy & Associates, Inc.	02/13/25	$ 46,460	Engineer
Cedar Creek Municipal Advisors, LLC	04/13/26	$ -0-	Financial Advisor
Inframark, LLC	02/11/26	$ -0-	Operator
Utility Tax Service, LLC	02/11/26	$ -0-	Tax Collector

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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