OFFICIAL STATEMENT DATED NOVEMBER 12, 2026

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" AND "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (AG Insured) ..... "AA"
Moody's Ratings (AG Insured)..... "A1"
Moody's Ratings (Underlying) ..... "A3"

Interest Accrues From: Date of Delivery

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1 OF COLLIN COUNTY
(A political subdivision of the State of Texas, located within Collin County)

$1,150,000
Unlimited Tax Road Bonds
Series 2026

Dated: December 1, 2026 **Due: September 1, as shown on the inside cover**

The $1,150,000 McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are obligations solely of McKinney Municipal Utility District No. 1 of Collin County (the "District") and are not obligations of the State of Texas ("Texas"); Collin County, Texas; the City of McKinney, Texas; or any entity other than the District. Interest on the Bonds will accrue from the initial date of delivery (which is expected to be on or about December 14, 2026 – the "Date of Delivery") and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of 12 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the Beneficial Owners (herein defined). The initial paying agent for the Bonds is BOKF, NA (the "Paying Agent/Registrar").

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

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

The Bonds are the tenth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a road system to serve the District (the "Road System"). Voters in the District have authorized a total of $145,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $133,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater, and storm drainage system to serve the District (the "System"); $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. After the issuance of the Bonds, the following amounts will remain authorized but unissued: $82,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $59,465,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. The Bonds, when issued, will constitute legal, valid, and binding obligations of the District, 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. See "THE BONDS – Source of Payment."

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP ("Bond Counsel"). Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP ("Disclosure Counsel"). Delivery of the Bonds is expected through the facilities of DTC on or about the Date of Delivery.

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

$1,150,000 McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds, Series 2026

$275,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 581732 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 581732 (b)
2027	$ 40,000	4.000%	3.000%	TK0	2032	30,000	4.000%	3.350%	TQ7
2028	25,000	4.000%	3.050%	TL8	2033 (c)	30,000	4.000%	3.450%	TR5
2029	25,000	4.000%	3.100%	TM6	2034 (c)	35,000	4.000%	3.550%	TS3
2030	25,000	4.000%	3.200%	TN4	2035 (c)	35,000	4.000%	3.700%	TT1
2031	30,000	4.000%	3.250%	TP9	***	***	***	***	***

$875,000 Term Bonds

$115,000 Term Bonds Due September 1, 2038 (c)(d), Interest Rate: 4.500% (Price: $99.543) (a), CUSIP No. 581732 TW4 (b)
$135,000 Term Bonds Due September 1, 2041 (c)(d), Interest Rate: 5.000% (Price: $102.487) (a), CUSIP No. 581732 TZ7 (b)
$155,000 Term Bonds Due September 1, 2044 (c)(d), Interest Rate: 5.000% (Price: $101.731) (a), CUSIP No. 581732 UC6 (b)
$115,000 Term Bonds Due September 1, 2046 (c)(d), Interest Rate: 5.000% (Price: $101.231) (a), CUSIP No. 581732 UE2 (b)
$130,000 Term Bonds Due September 1, 2048 (c)(d), Interest Rate: 5.000% (Price: $100.733) (a), CUSIP No. 581732 UG7 (b)
$225,000 Term Bonds Due September 1, 2051 (c)(d), Interest Rate: 5.000% (Price: $97.908) (a), CUSIP No. 581732 UK8 (b)

(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 optional redemption date.

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

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

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption.*"

USE OF INFORMATION IN THIS 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 Initial Purchaser.

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

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

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

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

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

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APPENDIX A: Financial Statements of the District

APPENDIX B: Specimen 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 of Raymond James & Associates, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of this Official Statement at a price of 98.214426% of par, resulting in a net effective interest rate of 5.006555%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

Prices and Marketability

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 stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, 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 sole responsibility of the Initial Purchaser.

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 the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of this Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in the Rule. The District shall pay the expense of preparing the number of copies of this Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments

issued on or before the Date of Delivery, but the Initial Purchaser shall pay for all other copies of this Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At September 30, 2026:

- The policyholders' surplus of AG was approximately $3,102 million.

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

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

Incorporation of Certain Documents by Reference

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

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

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

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

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

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

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

Miscellaneous Matters

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

RATINGS

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

Moody's is expected to assign an insured rating of "A1" (stable outlook) to the Bonds solely in reliance upon the issuance and delivery of the Policy by AG at the time of delivery of the Bonds. Moody's has assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. 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 Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	McKinney Municipal Utility District No. 1 of Collin County (the "District"), a political subdivision of the State of Texas ("Texas"), is located within Collin County, Texas (the "County"). See "THE DISTRICT – General" and "THE DISTRICT – Description."
Description of the Bonds	The $1,150,000 McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are dated December 1, 2026, and mature on September 1 in the years and amounts set forth on the inside cover of this Official Statement. Interest on the Bonds will accrue from the initial date of delivery (which is expected to be on or about December 14, 2026 – the "Date of Delivery") and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 of principal amount for any one (1) maturity. See "THE BONDS – General."
Redemption	*Optional Redemption:* The Bonds that mature on or after September 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District, on September 1, 2032, and any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." *Mandatory Redemption:* The Bonds maturing on September 1 in the years 2038, 2041, 2044, 2046, 2048, and 2051 are term bonds (the "Term Bonds") and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption."*
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of Texas; the County; the City of McKinney, Texas (the "City"); or any entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The District has never defaulted on the timely payment of principal of and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."
Authority for Issuance	The Bonds are the tenth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a road system to serve the District (the "Road System"). Voters in the District have authorized a total of $145,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $133,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks,

wastewater, and storm drainage system to serve the District (the "System"); $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. After the issuance of the Bonds, the following amounts will remain authorized but unissued: $82,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $59,465,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8223, Texas Special District Local Laws Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District; and an election held within the boundaries of the District on May 8, 2010.

Outstanding Bonds ..... The District has previously issued the following unlimited tax bonds for the purpose of acquiring or constructing the Road System: $5,730,000 Unlimited Tax Road Bonds, Series 2016; $1,450,000 Unlimited Tax Road Bonds, Series 2017A; $1,045,000 Unlimited Tax Road Bonds, Series 2018; $1,065,000 Unlimited Tax Road Bonds, Series 2020; $9,750,000 Unlimited Tax Road Bonds, Series 2021; $22,990,000 Unlimited Tax Road Bonds, Series 2022; $7,500,000 Unlimited Tax Road Bonds, Series 2023; $4,765,000 Unlimited Tax Road Bonds, Series 2023A; and $7,300,000 Unlimited Tax Road Bonds, Series 2025. At the delivery of the Bonds, $54,865,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Road Bonds"). The District has previously issued the following unlimited tax bonds for the purpose of acquiring or constructing the System: $8,070,000 Unlimited Tax Bonds, Series 2015; $13,435,000 Unlimited Tax Bonds, Series 2017; $8,380,000 Unlimited Tax Bonds, Series 2018; $10,140,000 Unlimited Tax Bonds, Series 2019; $7,420,000 Unlimited Tax Bonds, Series 2020; $10,230,000 Unlimited Tax Bonds, Series 2021; $11,035,000 Unlimited Tax Bonds, Series 2022; and $4,875,000 Unlimited Tax Bonds, Series 2023. At the delivery of the Bonds, $59,995,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding System Bonds"). The Outstanding Road Bonds and the Outstanding System Bonds are herein referred to collectively as the "Outstanding Bonds." See "THE BONDS – Outstanding Bonds."

Use of Proceeds	Proceeds from the sale of the Bonds will be used to finance engineering and reconstruction of District roadways and related costs shown under "USE AND DISTRIBUTION OF ROAD BOND PROCEEDS." Additionally, proceeds of the sale of the Bonds will be used to pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF ROAD BOND PROCEEDS."
Qualified Tax-Exempt Obligations	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	Assured Guaranty, Inc. ("AG"). See "MUNICIPAL BOND INSURANCE."
Ratings	S&P Global Ratings (AG Insured): "AA." Moody's Investors Service, Inc. (AG Insured): "A1." Moody's Investors Service, Inc. (Underlying): "A3." See "RATINGS."
General & Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Houston, Texas.
Engineer	Westwood Professional Services, Inc., Frisco, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

The Issuer	The District was created pursuant to an Act effective September 1, 2007, 80th Legislature, Regular Session, House Bill 3979 (codified at Texas Special District Local Laws Code Chapter 8223). See "THE DISTRICT – General."
Location	The District is located entirely within the extraterritorial jurisdiction of the City, about five (5) miles north of the City. The District is west of US 75 near the intersection of US 75 and FM 543. The District is part of the master-planned community known as "Trinity Falls," which is made up of approximately 2,023 acres. The District is composed of approximately 924 acres within Trinity Falls.
Developers and Principal Landowners	A developer and principal owner of land within the District, and the rest of Trinity Falls, is Trinity Falls Holdings LP ("TFH"). The limited principal partner of the Developer is McKinney Project Holdings LLC, and the general partner of the Developer is Johnson Trinity Falls GP LLC, which is an affiliate of The Johnson Development Corp. The Johnson Development Corp. has completed projects in multiple markets resulting in the development of nearly 45,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master-planned communities, and multi-family housing. TFH has completed its development activity within the District. A developer and principal owner of land within the District is CCD-PW LLC ("CCD"), which is an affiliate of Corson Cramer Development. Corson Cramer Development is a Dallas-Fort Worth residential land development firm with more than 50 years of combined real estate development and investment experience. Since its founding in 2021, the company has completed or initiated 10 projects encompassing more than 1,200 acres and 3,200 residential lots across communities including Celina, Rockwall, Lakewood

	Village, and McKinney, with a focus on thoughtfully planned residential communities, master-planned developments, and amenities. CCD is currently the only active developer within the District. TFH and CCD are collectively referred to herein as the "Developers." See "DEVELOPERS AND PRINCIPAL LANDOWNER."
Development within the District.....	Land within the District has been developed as the single-family subdivisions of Trinity Falls Planning Unit 1, Phases 1A, 1B, 2A, and 2B; Trinity Falls Planning Unit 2, Phases 1, 2, 3, and 4; Trinity Falls Planning Unit 3, Phases 1A, 1B, 2A, 2B, 2C, 3A, 3B, 3C, 3D, 4A, 4B, 4C, 4D, 4E, 5A, 5B-E, and 5B-W; Trinity Falls Planning Unit 9 (aggregating approximately 595.804 acres and approximately 1,996 single-family lots). As of September 30, 2026, the District consisted of approximately 1,933 completed homes (1,925 occupied, 7 unoccupied, and 1 model homes), approximately 7 homes under construction, and approximately 56 vacant developed lots. In addition to the single-family development within the District, approximately 11 acres have been developed as amenity centers, approximately 202 acres have been developed as the first five phases of the Trinity Falls B.B. Owen Park, approximately 12 acres have been dedicated to McKinney Independent School District for an elementary school, approximately 8 adjacent acres have been dedicated to the City for parks, and approximately three acres have been dedicated as a site for an elevated storage tank. The remaining land within the District consists of approximately 20.000 undeveloped but developable acres and approximatel7 71.842 undevelopable acres. The District has accepted a Petition for the Addition of Land to the District (the "Petition"), which provides for the future annexation of one tract (the "Tract") comprising approximately 106.516 acres, all located entirely within Collin County and wholly within the exclusive extraterritorial jurisdiction of the City. The City has consented to the Petition for the annexation of the Tract and the District will proceed with the annexation of the Tract upon adoption by the District's Board of Directors. See "DEVELOPMENT WITHIN THE DISTRICT."
Development Agreement with City.....	The District and the Developers have entered into an agreement with the City to provide water and sewer service to the property within the District. The agreement gives the City exclusive jurisdiction over the subdivision and platting of the development, as well as the design, construction, and installation of public infrastructure built within the District. See "DEVELOPMENT AGREEMENT WITH CITY."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Assessed Taxable Valuation See "TAX DATA" and "TAXING PROCEDURES."	$	1,013,741,665	(a)
Estimated Assessed Taxable Valuation as of June 1, 2026 See "TAX DATA" and "TAXING PROCEDURES."	$	1,041,756,706	(b)
Direct Debt:			
The Outstanding Road Bonds (at the Delivery of the Bonds)	$	54,865,000	
The Outstanding System Bonds (at the Delivery of the Bonds)		59,995,000	
The Bonds		1,150,000	
Total	$	116,010,000	
Estimated Overlapping Debt	$	17,716,200	(c)
Total Direct and Estimated Overlapping Debt	$	133,726,200	(c)
Direct Debt Ratios:			
As a Percentage of the 2026 Assessed Taxable Valuation		11.44	%
As a Percentage of the Estimated Assessed Taxable Valuation as of June 1, 2026		11.14	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2026 Assessed Taxable Valuation		13.19	%
As a Percentage of the Estimated Assessed Taxable Valuation as of June 1, 2026		12.84	%
General Operating Fund Balance (as of October 8, 2026)	$	3,322,197	
Road System Debt Service Fund Balance (as of October 8, 2026)	$	1,594,625	(d)
Road System Capital Projects Fund Balance (as of October 8, 2026)	$	2	
System Debt Service Fund Balance (as of October 8, 2026)	$	2,021,889	(e)
System Capital Projects Fund Balance (as of October 8, 2026)	$	191	
2026 District Tax Rate per $100 of Assessed Taxable Valuation:			
Road System Debt Service	$	0.387300	
System Debt Service	$	0.442050	
Maintenance & Operations	$	0.155400	
Total	$	0.984750	
Single-Family Homes (Including 7 Under Construction) as of September 30, 2026		1,940	(f)

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2026, provided by the Appraisal District (herein defined).

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of June 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through June 1, 2026. No taxes will be levied against this amount.

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

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the System, including the Outstanding System Bonds.

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). Funds in the System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Bonds.

(f) See "DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development."

SELECTED FINANCIAL INFORMATION

(UNAUDITED – CONTINUED)

Road System Debt Service Calculations

Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2027-2051)	$	3,362,154
Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2040)	$	4,132,406
Road System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2027-2051) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.35
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.34
Road System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.43
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.42

System Debt Service Calculations

Average Annual Debt Service Requirement on the Outstanding System Bonds (2027–2048)	$	3,751,885
Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2040)	$	4,814,000
System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding System Bonds (2027–2048) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.39
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.38
System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.50
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.49

Combined Debt Service Calculations

Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2027-2051)	$	6,663,813
Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2040)	$	8,946,406
Combined Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2027-2051) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.70
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.68
Combined Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.93
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.91

OFFICIAL STATEMENT

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1 OF COLLIN COUNTY

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

$1,150,000
Unlimited Tax Road Bonds
Series 2026

OFFICIAL STATEMENT INTRODUCTION

This Official Statement provides certain information with respect to the issuance by McKinney Municipal Utility District No. 1 of Collin County (the "District") of the $1,150,000 McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of the State of Texas ("Texas"), including Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8223, Texas Special District Local Laws Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); and an election held within the boundaries of the District on May 8, 2010.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from Bond Counsel (herein defined) at 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056, upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The Bonds are dated December 1, 2026, and mature on September 1 in the years and amounts, and will bear interest at the rates per annum, set forth on the inside cover of this Official Statement. Interest on the Bonds will accrue from the initial date of delivery (which is expected to be on or about December 14, 2026 – the "Date of Delivery") and is payable on March 1, 2027, and on each September 1 and March 1 thereafter (the "Interest Payment Date") until the earlier of maturity or redemption and will be calculated on the basis of a 360 day year comprised of 12 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable to DTC, which will be solely responsible for making such payment to the Beneficial Owners (herein defined). The initial paying agent for the Bonds is BOKF, NA (the "Paying Agent/Registrar").

Funds

The Bond Order confirms a fund for debt service on the Bonds (the "Road System Debt Service Fund"). Neither Texas law nor the Bond Order requires that the District maintain any particular sum in its Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Bonds, the Outstanding Road Bonds, and not any bonds issued by the District for the Utility System. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

The District previously confirmed its debt service fund for payment of debt service on the bonds for the System, including the Outstanding System Bonds and any other bonds issued by the District for the purpose of acquiring or constructing the System, or for the purpose of refunding such bonds (the "System Debt Service Fund"). The System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds issued by the District for the System, including the Outstanding System Bonds and any additional bonds issued by the District for the System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the System, including the Outstanding System Bonds and any additional bonds issued by the District for the System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2032, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the registered owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one (1) or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds of either respective series, the particular Bonds of such series to be redeemed shall be selected by the District. If less than all of the Bonds of a particular maturity of either respective series are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption:

The Bonds maturing on September 1 in the years 2038, 2041, 2044, 2046, 2048, and 2051 are term bonds (the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$115,000 Term Bonds Maturing on September 1, 2038

Mandatory Redemption Date	Principal Amount
September 1, 2036	$ 35,000
September 1, 2037	$ 40,000
September 1, 2038 (Maturity)	$ 40,000

$135,000 Term Bonds Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2039	$ 45,000
September 1, 2040	$ 45,000
September 1, 2041 (Maturity)	$ 45,000

$155,000 Term Bonds Maturing on September 1, 2044

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 50,000
September 1, 2043	$ 50,000
September 1, 2044 (Maturity)	$ 55,000

$115,000 Term Bonds Maturing on September 1, 2046

Mandatory Redemption Date	Principal Amount
September 1, 2045	$ 55,000
September 1, 2046 (Maturity)	$ 60,000

$130,000 Term Bonds Maturing on September 1, 2048

Mandatory Redemption Date	Principal Amount
September 1, 2047	$ 65,000
September 1, 2048 (Maturity)	$ 65,000

$225,000 Term Bonds Maturing on September 1, 2051

Mandatory Redemption Date	Principal Amount
September 1, 2049	$ 70,000
September 1, 2050	$ 75,000
September 1, 2051 (Maturity)	$ 80,000

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

Outstanding Bonds

The District has previously issued the following unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"): $5,730,000 Unlimited Tax Road Bonds, Series 2016; $1,450,000 Unlimited Tax Road Bonds, Series 2017A; $1,045,000 Unlimited Tax Road Bonds, Series 2018; $1,065,000 Unlimited Tax Road Bonds, Series 2020; $9,750,000 Unlimited Tax Road Bonds, Series 2021; $22,990,000 Unlimited Tax Road Bonds, Series 2022; $7,500,000 Unlimited Tax Road Bonds, Series 2023; $4,765,000 Unlimited Tax Road Bonds, Series 2023A; and $7,300,000 Unlimited Tax Road Bonds, Series 2025. At the delivery of the Bonds, $54,865,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Road Bonds"). The District has previously issued the following unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater, and storm drainage system to serve the District (the "System"): $8,070,000 Unlimited Tax Bonds, Series 2015; $13,435,000 Unlimited Tax Bonds, Series 2017; $8,380,000 Unlimited Tax Bonds, Series 2018; $10,140,000 Unlimited Tax Bonds, Series 2019; $7,420,000 Unlimited Tax Bonds, Series 2020; $10,230,000 Unlimited Tax Bonds, Series 2021; $11,035,000 Unlimited Tax Bonds, Series 2022; and $4,875,000 Unlimited Tax Bonds, Series 2023. At the delivery of the Bonds, $59,995,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding System Bonds"). The Outstanding Road Bonds and the Outstanding System Bonds are herein referred to collectively as the "Outstanding Bonds."

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange

shall be without expenses or service charge to the registered owner, except for any tax, governmental charges, or other expenses required to be paid with respect to such registration, exchange, and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal amount for any one (1) maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

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 15th calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent 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 of 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 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 (5) 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.

Mutilated, Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent/registrar for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form, and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, against all taxable property within the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any parity bonds hereinafter issued. Separate unlimited tax rates are levied by the District for each of the Road System debt service and System debt service. Funds in the Roady System Debt Service Fund cannot be used to pay debt service on the Outstanding System Bonds or any other bonds issued for the purpose of acquiring or constructing the System. Funds in the System Debt Service Fund cannot be used to pay debt service on the Outstanding Road Bonds, the Bonds, or any other bonds issued for the purpose of acquiring or constructing the Road System. The Bonds are obligations of the District and are not the obligations of Texas; Collin County, Texas (the "County"); the City of McKinney, Texas (the "City"); or any entity other than the District.

Payment Record

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

Authority for Issuance

The Bonds are the tenth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System. Voters in the District have authorized a total of $145,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $133,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. The Bonds, when issued, will constitute legal, valid, and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8223, Texas Special District Local Laws Code, as amended; the Bond Order adopted by the Board; and an election held within the boundaries of the District on May 8, 2010.

Issuance of Additional Debt

After the issuance of the Bonds, the following amounts will remain authorized but unissued: $82,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $59,465,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. Additional bonds may be authorized by the voters in the District and the Board.

Pursuant to the Consent Agreement (herein defined), as amended, the District and McKinney Municipal Utility District No. 2 ("MUD 2") shall not issue more than an aggregate $318,000,000 principal amount of all bonds, plus a 3% annual increase of the amount of authorized but unissued bonds each July 1, plus the addition of an additional $30,000,000 to the bond limit beginning July 1, 2023 (excluding any refunding bonds), unless specifically approved by the City. Pursuant to the third amendment to the Consent Agreement, an additional

$30,003,000 was added to the bond limit on July 1, 2023. After the issuance of the Bonds, the District and MUD 2 will have approximately $195,028,948 remaining under such cap (inflation adjusted). See "CONSENT AGREEMENT WITH THE CITY."

Following issuance of the Bonds, the District will owe the Developers (herein defined) approximately $27,598,875 for the reimbursable expenditures that the Developer has advanced to date for the purpose of acquiring or constructing the Road System and approximately $4,346,255 for the purpose of acquiring or constructing the System. Following issuance of the Bonds, the Master District (herein defined) will owe the Developer approximately $33,225,533 (a portion of which is owed by the District, MUD 2, or McKinney Municipal Utility District No. 2A ("MUD 2A")) for the reimbursable expenditures that the Developer has advanced to date for the purpose of acquiring or constructing the Road System. Following issuance of the Bonds, the Master District will owe the Developer approximately $22,128,743 (a portion of which is owed by the District, MUD 2, or MUD 2A) for the reimbursable expenditures that the Developer has advanced to date for the purpose of acquiring or constructing the System. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing District facilities, including the System, and to finance the Road System and extension thereof to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (herein defined) have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of 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, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, 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

Section 49.186 of the Texas Water Code is applicable to the District and provides:

> (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.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system for the Bonds (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 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 Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect 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 (1) fully registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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 (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. 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 holder of ownership interest of each actual purchase of each Bond (the "Beneficial Owners") 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-Only System 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 the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and

not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the Book-Entry-Only System 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 the Book-Entry-Only 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 Direct and Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

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USE AND DISTRIBUTION OF ROAD BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to finance engineering and reconstruction of District roadways and related costs shown below. Additionally, proceeds of the sale of the Bonds will be used to pay certain costs associated with the issuance of the Bonds, as shown below.

Non-construction costs are based upon either contract amounts or cost estimates by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Auditor (herein defined). Totals may not sum due to rounding.

Construction Costs	**District's Share**
1. Infrastructure Repair (Roadway)	$ 260,000
2. Sweetwater Cove Roadway Reconstruction	645,000
3. Inspection and Geotech Testing	120,000
TOTAL CONSTRUCTION COSTS	$ 1,025,000
Non-Construction Costs	
A. Legal Fees	$ 28,750
B. Fiscal Agent Fees	23,000
C. Bond Discount	20,534
D. Bond Issuance Expenses	39,100
E. Engineering Report Costs	10,000
F. Attorney General Fee (0.10%)	1,150
G. Contingency (a)	2,466
TOTAL NON-CONSTRUCTION COSTS	$ 125,000
TOTAL BOND ISSUE REQUIREMENT	**$ 1,150,000**

(a) Represents the difference between the estimated and actual amount of Bond discount.

The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District was created pursuant to an Act effective September 1, 2007, 80th Legislature, Regular Session, House Bill 3979 (codified at Texas Special District Local Laws Code Chapter 8223). The rights, powers, privileges, authority, and functions of the District are established by the general laws of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to finance certain road improvements that must meet criteria of the County and the City. The District may also provide solid waste collection and disposal service and operate, maintain, and construct recreational facilities. The District may operate and maintain a fire department, independently or with one (1) or more other conservation and reclamation districts, if approved by the district's voters and the TCEQ. The District has obtained approval of its voters and the TCEQ to operate a fire department and has contracted with the City to construct and operate a fire station inside Trinity Falls.

Description

The District, a political subdivision of Texas, is located in the County. The District is located entirely within the extraterritorial jurisdiction of the City, about five (5) miles north of the City. The District is west of US 75 near the intersection of US 75 and FM 543. The District is part of the master-planned community known as "Trinity Falls," which is made up of approximately 2,023 acres. The District is composed of approximately 924 acres within Trinity Falls.

Management of the District

- Board of Directors -

The District is governed by a board, consisting of five (5) directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered four (4)-year terms, with elections held in May of each even numbered year. All of the directors reside in the District. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Jeremy Dorenkamp	President	2030
Jacqueline Jagger	Vice President/Treasurer	2028
David Johnston	Secretary	2028
Page Price	Assistant Secretary	2030
Steve Wilson	Director	2030

- Consultants -

Tax Assessor/Collector: The District's tax assessor and collector is Utility Tax Service, LLC (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Collin Central Appraisal District (the "Appraisal District") and bills and collects such levy from taxpayers in the District.

Bookkeeper: The District's bookkeeper is Tovery Accounting Consultants, LLC.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which financial statements are filed with the TCEQ. A copy of the District's financial statements audited by McCall Gibson Swedlund Barfoot Ellis, PLLC (the "Auditor") for the fiscal year ended March 31, 2026, is included as "APPENDIX A."

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

Bond & General Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP as bond counsel ("Bond Counsel") in connection with the issuance of the 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. Sanford Kuhl Hagan Kugle Parker Kahn LLP also serves as the District's general counsel.

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP as disclosure counsel ("Disclosure Counsel") in connection with the issuance of the Bonds. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Financial Advisor: The District has engaged Cedar Creek Municipal Advisors, LLC as financial advisor (the "Financial Advisor") to the District. The fees of the Financial Advisor are contingent upon the sale and delivery of the Bonds. The Financial Advisor has participated in the preparation of this Official Statement; however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third parties.

DEVELOPMENT AGREEMENT WITH CITY

The City provides water supply and wastewater services to the District, pursuant to that certain 2022 Amended and Restated Development Agreement between the Developers and the City, effective May 17, 2021, as amended (the "Development Agreement"). Certain provisions of the Development Agreement concerning the provision of water and/or sewer service to the property within the District have been assigned from the Developers to the District.

Pursuant to the Development Agreement, the City shall have and exercise exclusive jurisdiction over the subdivision and platting of the property within the District and the design, construction, installation, and inspection of water, sewer, drainage, roadway, and other public infrastructure (the "Public Infrastructure") to serve the property within the District. The Developers and/or District are responsible for designing, acquiring, and constructing for the benefit of, and for ultimate conveyance to the City, the water and sewer Public Infrastructure. The City agrees to provide water supply services and wastewater treatment services to the District. The District, at its sole expense, shall provide, or cause to be provided, police and fire services, within the District. EMS service shall be provided by the City to the property within the District.

Police and Fire Services

Prior to the date upon which any developer, owner, or builder submits an application for the issuance of a certificate of occupancy for the 934th Dwelling Unit (as defined in the Development Agreement), the District, at its sole expense, shall contract with the City or the County for additional law enforcement officers (i.e., in addition to the law enforcement services provided by the County) as provided below.

Number of Dwelling Unit Certificates of Occupancy	Total Additional Law Enforcement Officers
934 – 1,565	2
1,566 – 2,239	3
2,240 – 2,933	4
2,934 – 3,617	5
3,618 – greater	6

The District has entered into a contract with the County to provide additional law enforcement. The City has completed the construction and equipping of the Fire Station Facility (as defined in the Development Agreement) to serve the District and other surrounding areas. The Developers shared in the soft costs and capital costs of the Fire Station Facility's improvements and equipment (the "Developer's Share") in the amount of $7,650,000. In addition to the obligation to pay the Developer's Share above, the District, MUD 2, and MUD 2A have paid an amount equal to 70% of one (1) year's aggregate cost of the employee compensation and training costs for 18 newly hired personnel necessitated by the opening of the Fire Station Facility, based upon the annual, budgeted costs of a firefighter position (and training). Thereafter, and on an annual basis and beginning on the first anniversary of the first day of operations at the Fire Station Facility, the Developers, the District, MUD 2, or MUD 2A shall make payments to the City for a percentage of all personnel, equipment, building maintenance, and other costs to provide Fire Services, save and except the costs of providing EMS services from the Fire Station Facility, based upon the geographic areas served by the Fire Station Facility, which is currently 41.08%.

The Public Infrastructure

The Development Agreement provides that the Public Infrastructure will be designed and constructed in accordance with the requirements and criteria of the TCEQ, the City, and all other federal, state, and local governmental authorities having jurisdiction over the construction of the Public Infrastructure. The City shall provide retail water and sewer service to the property within the District. Retail water and sewer customers within the District shall pay the applicable water and sewer rates for customers outside the corporate limits of the City.

Water Public Infrastructure: At no cost to the Developers or the District, the City shall (1) not sooner than the date of the request for the issuance of a building permit for the 1,800th Dwelling Unit or later than the issuance of a building permit for the 2,200th Dwelling Unit, design, acquire easements for, construct, cause to be

dedicated to and accepted by the City, and make operational, the "Bloomdale Pump Station" and the water lines required to deliver an adequate supply of water from the Bloomdale Pump Station to the north side of Bloomdale Road as shown on the City's Water Master Plan; (2) use its best efforts to enter into necessary contracts and agreements to deliver adequate water supply to the City system to the extent necessary to provide uninterrupted, equitable, and uniform retail water service to the District; and (3) design, acquire easements for, construct, cause to be dedicated to and accepted by the City, and make operational all upgrades and expansions to the City's off-property water Public Infrastructure to the extent necessary to provide uninterrupted, equitable, and uniform retail water service to the District.

At no cost to the City, the Developers will direct the District or MUD 2 to cause the following to occur with respect to the water Public Infrastructure: (1) prior to the issuance of a building permit for the 450th Dwelling Unit, design, acquire easements for, construct, and tender for dedication to and acceptance by the City, the extension of the existing 36-inch water line located in Hardin Boulevard north of Wilmeth Drive (the "West Water Feed") to the north from its current dead end along the alignment of future Hardin Boulevard to FM 543, then east along FM 543 to the District; (2) prior to the issuance of a building permit for the 525th Dwelling Unit, design, acquire easements for, construct, and tender for dedication to and acceptance by the City, the elevated water storage facility designated as the "Trinity Elevated Storage Tank" on the City's current Water Master Plan; (3) prior to the issuance of a building permit for the 2,200th dwelling unit (and provided that the City has made the Bloomdale Pump Station operational), design, acquire easements for, construct, and tender for dedication to and acceptance by the City, the water distribution facilities known as the "East Water Feed"; and (4) design, acquire easements for, construct, and tender for dedication to and acceptance by the City, those additional in-District water Public Infrastructure items described on the City's Water Master Plan or as otherwise approved by the City's engineer, said additional water Public Infrastructure to be constructed prior to or at the time of need, depending on development phasing, or as may be necessitated due to concurrent construction of other improvements, such as roadways.

The West Feed, the East Water Feed, and the Trinity Elevated Storage Tank have been completed and accepted by the City. In addition, the City has made the Bloomdale Pump Station operational.

Sewer Public Infrastructure: The City shall design, acquire easements for, construct, and cause to be dedicated to and accepted by the City, all upgrades and expansions to the City's off-property sewer Public Infrastructure to the extent necessary to provide uninterrupted, equitable, and uniform sanitary sewer service to the District.

At no cost to the City, the Developers will direct the District or MUD 2 to cause the following to occur with respect to the sewer Public Infrastructure: (1) prior to the issuance of the first building permit for any Dwelling Unit, design, acquire easements for, construct, and tender for dedication to and acceptance by the City, the sewer facility designated as "Future Line # 16" on the City's current Wastewater Master Plan (the "Off-Site Sewer Line") from the south boundary of the property to the existing trunk sewer located near the confluence of East Fork Trinity River and Honey Creek; and (2) design, acquire easements for, construct, and tender for dedication to and acceptance by the City in accordance with the Subdivision Ordinance, those additional sewer Public Infrastructure items required to serve the District, as typically required elsewhere in the City.

The Off-Site Sewer Line is complete and has been accepted by the City.

Roadway Public Infrastructure: Building permits shall be issued by the City for up to 655 Dwelling Units based on the roadway Public Infrastructure in existence as of the effective date of the Development Agreement and no additional off-property roadway Public Infrastructure shall be required prior to the 655th building permit.

Pursuant to the terms of the Development Agreement, the City has elected to contribute $3,600,000 for the construction by the Developers of Farm-to-Market Road 543 ("FM 543")/Trinity Falls Parkway as a four (4)-lane, divided thoroughfare. Upon completion and approval by the City of FM 543/Trinity Falls Parkway, building permits for up to an aggregate total of 1,760 Dwelling Units may be issued. The expansion of FM 543/Trinity Falls Parkway to a four (4)-lane divided thoroughfare is complete.

Additional building permits beyond 1,760 through build-out of the District shall be issued when either of the following conditions is satisfied: (1) FM 543/Trinity Falls Parkway as a four-lane, divided thoroughfare that complies with City standards has been completed and approved and at least two lanes of Melissa Road that comply with City of Melissa standards have been completed and approved; or (2) FM 543/Trinity Falls Parkway as a four-lane, divided thoroughfare that complies with City standards has been completed and approved and

at least two lanes of Hardin Boulevard that comply with City standards have been completed and approved. The construction of two FM 543/Trinity Falls Parkway as a four-lane divided throughfare and lanes of Melissa Road has been completed.

Ownership, Operation, and Maintenance of the Public Infrastructure

If dedicated to and accepted by the City, the City shall at all times maintain the Public Infrastructure, or cause such Public Infrastructure to be maintained, in good condition and working order in compliance with all applicable laws and ordinances and all applicable regulations, rules, policies, standards, and orders of any governmental entity with jurisdiction over same. To the extent the City accepts and utilizes the water and sewer Public Infrastructure, the City shall operate the water and sewer Public Infrastructure serving the District and will use the Public Infrastructure to provide service to all customers within the District. To the extent none of the City, the County, or Texas accepts roadway Public Infrastructure within the District, then such roadway Public Infrastructure shall be maintained to standard City maintenance standards by the District. To the extent roadway Public Infrastructure outside the District is not accepted by the applicable jurisdiction therefore, the District shall have the right, but not the obligation, to maintain such roadway Public Infrastructure. To the extent none of the City, the County, or Texas accepts drainage Public Infrastructure within the District, such drainage Public Infrastructure shall be maintained by the District.

CONSENT AGREEMENT WITH THE CITY

In connection with the creation of the District, the City, the Developers, and the District entered into a "2012 Agreement Concerning the Creation and Operation of McKinney Municipal Utility District No. 1 of Collin County," as amended by that certain First Amendment to 2012 Agreement Concerning Creation and Operation of McKinney Municipal Utility District No. 1 of Collin County dated July 20, 2016, that certain Second Amendment to 2012 Agreement Concerning Creation and Operation of McKinney Municipal Utility District No. 1 of Collin County dated October 17, 2017, and that certain Third Amendment to 2012 Agreement Concerning Creation and Operation of McKinney Municipal Utility District No. 1 of Collin County dated October 2, 2023 (collectively, the "Consent Agreement"). In the Consent Agreement, which amends and restates a similar consent agreement with a prior owner of the property upon which the District was formed, the City consented to: the creation of the District; the District undertaking certain road projects within the District; the calling of an election to create the District and carry out its operations.

In addition, the City agreed that the City would not annex the District any earlier than the first to occur of: (1) completion of the "Major Items" listed below, the completion of the construction of the infrastructure to serve full development of the property and the issuance by the District of bonds to reimburse the full cost of the "Major Items" and all water, wastewater, drainage, roadway, and other infrastructure improvements installed or constructed to serve the development, whether located within or outside the development; (2) April 17, 2039; or (3) the dissolution of the District (other than as a result of annexation by the City).

The "Major Items" to be completed include: (1) the purchase, construction, and improvement of land, improvements, and facilities necessary to: (a) provide water supply for the District for municipal, domestic, and commercial uses; (b) collect, transport, and dispose of all domestic, commercial, industrial, or communal wastes from the District; (c) gather, conduct, and control local storm water; and (d) undertake the road project set forth in the Consent Agreement; (2) the payment of organizational expenses, initial operating expenses, cost of insurance, interest during construction and capitalized interest; (3) the establishment, operation, and maintenance of a police and fire department to perform emergency services within the District; (4) the purchase, construction, and improvement of land, facilities, and equipment related to recreational facilities; and (5) the refunding of any outstanding Bonds of the District for a debt service savings.

Furthermore, in consideration for the City's consent to create the District and issue unlimited tax bonds for road facilities, the District agrees that it and MUD 2 shall not issue more than an aggregate $318,000,000 principal amount of bonds, plus a 3% annual increase on the amount of authorized but unissued bonds on each July 1, beginning July 17, 2017, plus the addition of an additional $30,000,000 to the bond limit beginning July 1, 2023 (excluding refunding bonds), unless specifically approved by the City. After the issuance of the Bonds, the District and MUD 2 will have approximately $195,028,948 remaining under such cap (inflation adjusted).

DEVELOPERS AND PRINCIPAL LANDOWNER

The Role of a Developers

In general, the activities of a developers 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 certain instances, the developer will be required to pay up to 30% of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a 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.

Developers and Principal Landowners

A developer and principal owner of land within the District, and the rest of Trinity Falls, is Trinity Falls Holdings LP ("TFH"). The limited principal partner of the Developers is McKinney Project Holdings LLC, and the general partner of the Developers is Johnson Trinity Falls GP LLC, which is an affiliate of The Johnson Development Corp. The Johnson Development Corp. has completed projects in multiple markets resulting in the development of nearly 45,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master-planned communities, and multi-family housing. TFH has completed its development activity within the District.

A developer and principal owner of land within the District is CCD-PW LLC ("CCD"), which is an affiliate of Corson Cramer Development. Corson Cramer Development is a Dallas-Fort Worth residential land development firm with more than 50 years of combined real estate development and investment experience. Since its founding in 2021, the company has completed or initiated 10 projects encompassing more than 1,200 acres and 3,200 residential lots across communities including Celina, Rockwall, Lakewood Village, and McKinney, with a focus on thoughtfully planned residential communities, master-planned developments, and amenities. CCD is currently the only active developer within the District. TFH and CCD are collectively referred to herein as the "Developers."

Development Management

Development of Trinity Falls is managed by The Johnson Development Corp. The Johnson Development Corp. has over 40 years of real estate experience, resulting in the development of nearly 45,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master-planned golf course communities, and multi-family housing.

The Johnson Development Corp. has developed master-planned communities in multiple and other markets. In addition to Trinity Falls, The Johnson Development Corp. or its principals are involved in the development of the following projects (in addition to others): Viridian, a 2,000-acre residential project in the City of Arlington, Texas; Sienna, a 10,000-acre, mixed-use project southwest of the City of Houston, Texas; Riverstone, a 3,700-acre, mixed-use project southwest of the City of Houston, Texas; Imperial, a 700-acre, master-planned community in the City of Sugar Land, Texas; Towne Lake and Towne Lake Hills, a 3,700-acre residential project in the City of Atlanta, Georgia area; Lake Arrowhead, a 6,000-acre residential project in the City of Atlanta, Georgia area; and Woodforest, a 3,200-acre project located north of the City of Houston, Texas..

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, 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.

Development Financing

JDC has financed the purchase and development of land within the District through a loan agreement dated July 18, 2016, with U.S. Bank National Association. As of September 30, 2026, $2,751,524 of the loan's maximum principal amount of $35,000,000 remained outstanding. According to JDC, it is in compliance with all material terms of such loan.

CCD has financed the purchase and development of land within PU 9 through Frost Bank through a loan agreement dated January 17, 2024. As of September 30, 2026, the loan balance is $1,503,047.70. According to CCD, it is "in compliance with all material terms of such loan."

Lot-Sales Contracts

A previous developer sold in bulk the entirety of Trinity Falls Planning Unit 1 ("PU1"), consisting of 527 total lots (all of which are located within the District), to the following homebuilders: Beazer Homes, Ashton Woods, Emerald Homes, and Gehan Homes. Within PU1: Beazer Homes purchased 119 lots; Ashton Woods purchased 180 lots; Emerald Homes purchased 121 lots; and Gehan Homes purchased 107 lots.

The entirety of Trinity Falls Planning Unit 2 ("PU2"), consisting of 463 total lots (all of which are located within the District), was sold to the following homebuilders: Ashton Woods, Gehan Homes, Highland Homes, Meritage Homes, and Plantation Homes (now Coventry Homes). Within PU2: Ashton Woods purchased 72 lots; Gehan Homes purchased 83 lots; Highland Homes purchased 144 lots; Meritage Homes purchased 72 lots; and Plantation Homes (now Coventry Homes) purchased 92 lots.

Lots in Trinity Falls Planning Unit 3 ("PU3") are being sold through option lot sales contracts with Chesmar Homes, Drees Custom Homes, Highland Homes, Perry Homes, Plantation Homes (now Coventry Homes), and Pulte Homes. Lots within PU3 are located within the District and MUD 2. These homebuilders have contracted to purchase 902 lots within PU3. All the lots have been delivered and the homebuilders are currently in compliance with their respective lot contracts.

As of August 21, 2026, 57 of the 104 lots in Trinity Falls Planning Unit 9 ("PU9") have been sold and delivered to Perry Homes. Perry Homes is currently in compliance with their respective lot contracts.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Land within the District has been developed as the single-family subdivisions of Trinity Falls Planning Unit 1, Phases 1A, 1B, 2A, and 2B; Trinity Falls Planning Unit 2, Phases 1, 2, 3, and 4; and Trinity Falls Planning Unit 3, Phases 1A, 1B, 2A, 2B, 2C, 3A, 3B, 3C, 3D, 4A, 4B, 4C, 4D, 4E, 5A, 5B-E, and 5B-W; Trinity Falls Planning Unit 9 (aggregating approximately 595.804 acres and approximately 1,996 single-family lots). As of September 30, 2026, the District consisted of approximately 1,933 completed homes (1,925 occupied, 7 unoccupied, and 1 model homes), approximately 7 homes under construction, and approximately 56 vacant developed lots. In addition to the single-family development within the District, approximately 11 acres have been developed as amenity centers, approximately 202 acres have been developed as the first five phases of the Trinity Falls B.B. Owen Park, approximately 12 acres have been dedicated to McKinney Independent School District for an elementary school, approximately 8 adjacent acres have been dedicated to the City for parks, and approximately three acres have been dedicated as a site for an elevated storage tank. The remaining land within the District consists of approximately 20.000 undeveloped but developable acres and approximately 71.842 undevelopable acres. The District has accepted a Petition for the Addition of Land to the District (the "Petition"), which provides for the future annexation of one tract (the "Tract") comprising approximately 106.516 acres, all located entirely within Collin County and wholly within the exclusive extraterritorial jurisdiction of the City. The City has consented to the Petition for the annexation of the Tract and the District will proceed with the annexation of the Tract upon adoption by the District's Board of Directors.

The following sets out the status of development of each phase of each single-family subdivision within the District as of September 30, 2026:

Trinity Falls	Developed Acreage	Total Lots	Homes Completed	Homes Under Construction	Vacant Developed Lots
Planning Unit 1					
Phase 1A	21.196	33	33	–	–
Phase 1B	50.690	205	205	–	–
Phase 2A	39.520	121	121	–	–
Phase 2B	38.959	168	168	–	–
Planning Unit 2					
Phase 1	59.369	188	188	–	–
Phase 2	38.539	139	139	–	–
Phase 3	29.999	84	84	–	–
Phase 4	22.054	52	52	–	–
Planning Unit 3					
Phase 1A	5.271	15	15	–	–
Phase 1B	38.064	154	154	–	–
Phase 2A	23.265	81	81	–	–
Phase 2B	16.023	72	72	–	–
Phase 2C	34.788	66	66	–	–
Phase 3A	47.109	88	88	–	–
Phase 3B	24.644	73	73	–	–
Phase 3C	5.304	16	16	–	–
Phase 3D	0.114	–	–	–	–
Phase 4A	17.028	30	30	–	–
Phase 4B	15.445	92	92	–	–
Phase 4C	8.946	66	66	–	–
Phase 4D	6.227	35	35	–	–
Phase 4E	1.186	5	5	–	–
Phase 5A	21.730	59	59	–	–
Phase 5B-E	6.070	36	36	–	–
Phase 5B-W	0.864	14	14	–	–
Planning Unit 9	23.400	104	41	7	56
Total	595.804	1,996	1,933	7	56
Other Developed (a)	236.174				
Remaining Developable (b)	20.000				
Undevelopable	71.842				
Total	923.820				

(a) Includes approximately six (6) acres developed as The Club, approximately 202 acres developed as the first five (5) phases of Trinity Falls B.B. Owen Park, approximately five (5) acres developed as The Lodge, approximately 12 acres dedicated to McKinney Independent School District being developed as an elementary school and approximately eight (8) adjacent acres dedicated to the City being developed as a park in PU3, and approximately three (3) acres dedicated as a site for an elevated storage tank.

(b) Includes approximately 12 acres dedicated to McKinney Independent School District to be developed as an elementary school, approximately eight (8) adjacent acres dedicated to the City to be developed as a park in PU1. Does not include the additional approximately 106.516 acre Tract subject to the Petition for annexation into the District.

Homebuilders

Homebuilders previously active in the District were Chesmar Homes, Drees Custom Homes, Highland Homes, Pulte Homes, and Coventry Homes. Currently, the only active homebuilder is Perry Homes. The homebuilders completed construction of seven (7) homes in 2014; 130 homes in 2015; 215 homes in 2016; 255 homes in 2017; 200 homes in 2018; 230 homes in 2019; 315 homes in 2020; 205 homes in 2021; 240 homes in 2022; 74 homes in 2023; 8 homes in 2024; 4 homes in 2025; and 37 homes through October 1, 2026. Homes are being marketed from approximately $500,000 into the $900,000s and range in size from approximately 1,900 square feet to over 3,600 square feet.

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PHOTOGRAPHS WITHIN THE DISTRICT

(October 2026)













PHOTOGRAPHS WITHIN THE DISTRICT

(October 2026)





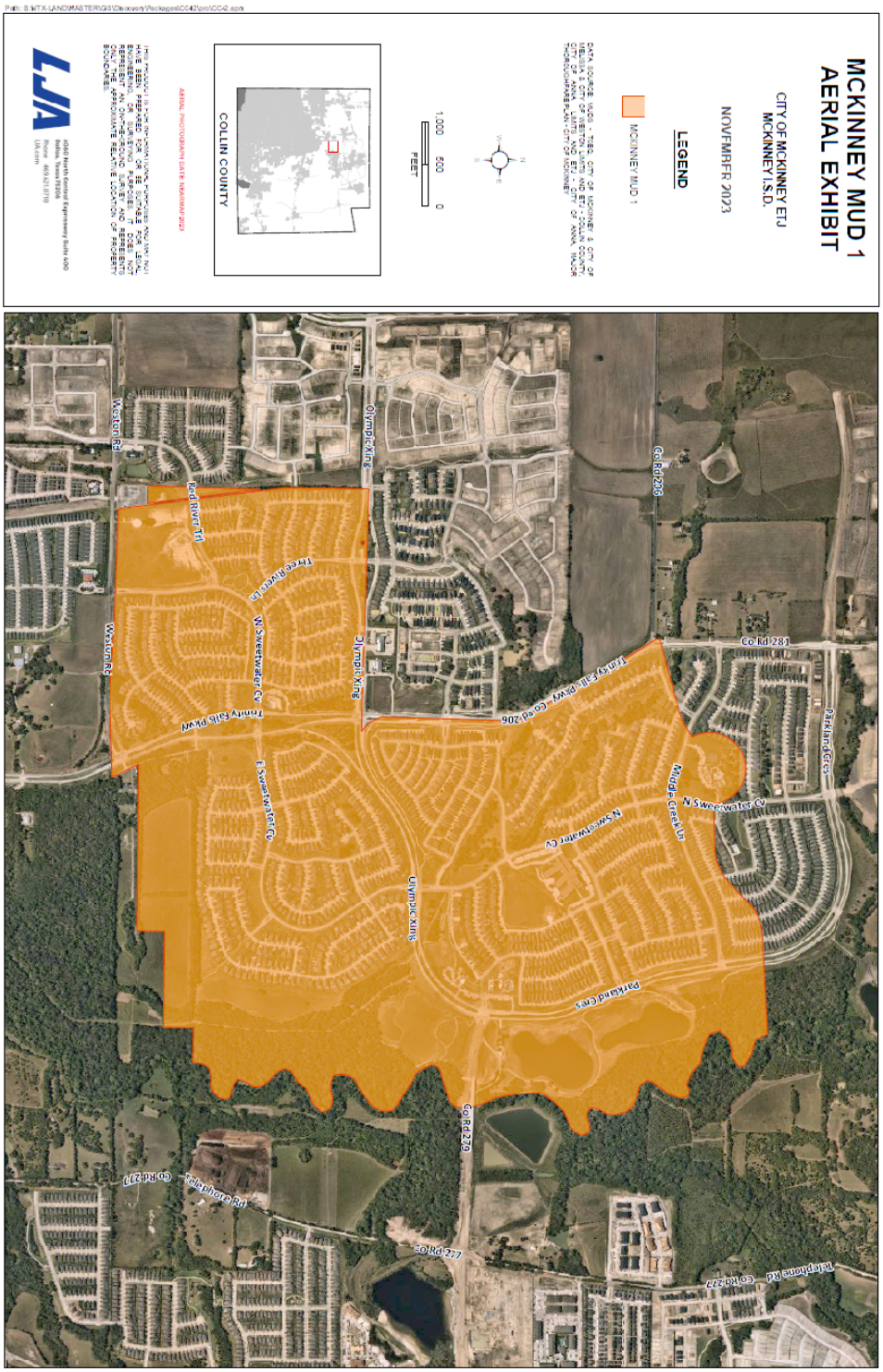








AERIAL PHOTOGRAPH OF THE DISTRICT



TAX DATA

General

Taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed taxable valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy, and collect ad valorem taxes, in an amount not to exceed $1.200000 per $100 of assessed taxable valuation for maintenance and operations purposes. For the 2026 tax year, the Board levied a maintenance and operations tax rate of $0.155400 per $100 of assessed taxable valuation; a Road System debt service tax rate of $0.387300 per $100 of assessed taxable valuation; and a System debt service tax rate of $0.442050 per $100 of assessed taxable valuation.

Tax Rate Limitation

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

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal and interest on the Bonds. The District levied its first debt service tax in 2015. For the 2026 tax year, the Board levied a Road System debt service tax rate of $0.387300 per $100 of assessed taxable valuation and System debt service tax rate of $0.442050 per $100 of assessed taxable valuation. Funds in the Road System Debt Service Fund cannot be used to pay debt service on the Outstanding System Bonds or any other bonds issued for the purpose of acquiring or constructing the System. Funds in the System Debt Service Fund cannot be used to pay debt service on the Outstanding Road Bonds, the Bonds, or any other bonds issued for the purpose of acquiring or constructing the Road System.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operations of the District's improvements, if such maintenance and operations tax is authorized by vote of the District's electors. At an election held within the District on May 10, 2014, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed $1.200000 per of $100 assessed taxable valuation. The District levied its first maintenance and operations tax in 2014. For the 2026 tax year, the Board levied a maintenance and operations tax rate of $0.155400 per of $100 assessed taxable valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on: (i) the Outstanding Road Bonds and the Bonds and (ii) the Outstanding System Bonds.

Tax Exemption

As discussed in "TAXING PROCEDURES," certain property in the District may be exempt from taxation by the District. For the 2026 tax year, the District adopted a $5,000 residential homestead exemption for individuals who are disabled or 65 years of age or older.

Additional Penalties

The District contracts with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of 20% of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later

than August 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2021–2026 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Percent of Collections Current Year	Current Year Ending 09/30	Percent of Collections 08/31/2026
2021	602,244,373	1.030000	6,203,117	99.73 %	2022	100.00 %
2022	784,467,300	1.019000	7,993,722	99.95 %	2023	99.95 %
2023	932,543,495	0.992525	9,255,727	99.93 %	2024	99.95 %
2024	1,000,795,508	0.987525	9,883,106	99.88 %	2025	99.95 %
2025	1,044,781,329	0.984750	10,288,484	99.42 %	2026	99.42 %
2026	1,013,741,665	0.984750	9,982,821	(b)	2027	(b)

(a) Total tax rate per $100 of assessed taxable valuation for each respective tax year.

(b) Collections for the 2026 tax year have not yet commenced.

Tax Rate Distribution

The following table illustrates the components of the tax levy of the District for the 2022–2026 tax years:

	2026	2025	2024	2023	2022
System Debt Service (a)	$ 0.442050	$ 0.438250	$ 0.462500	$ 0.480000	$ 0.515000
Road Debt Service (a)	0.387300	0.381500	0.350000	0.330000	0.280000
Maintenance & Operations	0.155400	0.165000	0.175025	0.182525	0.224000
Total	$ 0.984750	$ 0.984750	$ 0.987525	$ 0.992525	$ 1.019000

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Road System and for payment of debt service on bonds issued by the District for the System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance."

Analysis of Tax Base

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

Type of Property	2026 Assessed Taxable Valuation	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation
Land	$ 310,778,359	$ 296,495,794	$ 293,051,493	$ 280,814,221	$ 226,342,651
Improvements	800,496,233	838,348,418	792,640,221	709,915,435	593,229,497
Personal Property	11,549,931	10,558,934	8,129,185	6,661,848	7,168,960
Exemptions	(109,082,858)	(100,621,817)	(93,025,391)	(64,848,009)	(42,273,808)
Total	$1,013,741,665	$1,044,781,329	$ 1,000,795,508	$932,543,495	$784,467,300

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Principal Taxpayers

The following table illustrates the principal taxpayers and their respective types of property and assessed taxable values within the District as of the Appraisal District's original certification of its appraisal rolls for the 2026 tax year. Totals may not sum due to rounding.

Taxpayer	Type of Property	2026 Assessed Taxable Value	Percent of Tax Roll
CCD-PW LLC (a)	Land & Improvements	$ 7,774,200	0.77%
Confidential Owner	Land & Improvements	7,018,253	0.69%
Perry Homes LLC	Land & Improvements	5,097,400	0.50%
Trinity Falls Holdings LP (a)	Land & Improvements	3,207,760	0.32%
Homeowner	Land & Improvements	1,088,318	0.11%
Homeowner	Land & Improvements	1,046,041	0.10%
Homeowner	Land & Improvements	1,033,064	0.10%
Homeowner	Land & Improvements	1,015,200	0.10%
Homeowner	Land & Improvements	1,010,190	0.10%
Homeowner	Land & Improvements	1,009,835	0.10%
Total		$ 29,300,261	2.89%

(a) See "DEVELOPERS AND PRINCIPAL LANDOWNER."

Tax Rate Calculations

Road System Debt Service: The tax rate calculations set forth immediately below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Road Bonds and the Bonds if no growth in the District occurs beyond the 2026 Assessed Taxable valuation ($1,013,741,665) or the estimated assessed taxable valuation as of June 1, 2026 ($1,041,756,706). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2027-2051)	$ 3,362,154
Road System Tax Rate of $0.35 on the 2026 Assessed Taxable Valuation Produces	$ 3,370,691
Road System Tax Rate of $0.34 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 3,364,874
Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2040)	$ 4,132,406
Road System Tax Rate of $0.43 on the 2026 Assessed Taxable Valuation Produces	$ 4,141,135
Road System Tax Rate of $0.42 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 4,156,609

System Debt Service: The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding System Bonds if no growth in the District occurs beyond the 2026 Assessed Taxable valuation ($1,013,741,665) or the estimated assessed taxable valuation as of June 1, 2026 ($1,041,756,706). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement on the Outstanding System Bonds (2027–2048)	$ 3,751,885
System Tax Rate of $0.39 on the 2026 Assessed Taxable Valuation Produces	$ 3,755,913
System Tax Rate of $0.38 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 3,760,742
Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2040)	$ 4,814,000
System Tax Rate of $0.50 on the 2026 Assessed Taxable Valuation Produces	$ 4,815,273
System Tax Rate of $0.49 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 4,849,377

Combined Debt Service: The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the 2026 Assessed Taxable valuation ($1,013,741,665) or the estimated assessed taxable valuation as of June 1, 2026 ($1,041,756,706). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027-2051)	$ 6,663,813
Combined Tax Rate of $0.70 on the 2026 Assessed Taxable Valuation Produces	$ 6,741,382
Combined Tax Rate of $0.68 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 6,729,748
Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2040)	$ 8,946,406
Combined Tax Rate of $0.93 on the 2026 Assessed Taxable Valuation Produces	$ 8,956,408
Combined Tax Rate of $0.91 on the Estimated Assessed Taxable Valuation as of June 1, 2026, Produces	$ 9,005,987

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2026 taxes levied by such jurisdictions per $100 of assessed taxable valuation. The table below does not include any future debt service tax rate that may be levied as a result of the issuance of the Bonds (see "TAX DATA – Debt Service Tax"). Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2026 Tax Rate Per $100 of Assessed Taxable Valuation
The District	$ 0.984750
The County	0.151414
Collin County Community College District	0.081220
McKinney Independent School District	1.066400
Collin County ESD No. 1	0.100000
Total	$ 2.383784

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THE SYSTEM

General

The water, wastewater, and drainage facilities, the purchase, acquisition, and construction of which have been financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Water Supply and Distribution -

Currently all of the District's water is provided by the City. The water line that serves the District is capable of serving 3,000 equivalent single-family connections ("ESFCs").

- Wastewater Treatment and Conveyance System -

The District receives wastewater treatment capacity from the City. The sewer line that serves the District is capable of serving 4,176 ESFCs.

- Storm-Water Drainage Facilities -

Storm water in the District is generally carried from west to east from the District to several unnamed tributaries that flow directly to the Trinity River. The District is adjacent to the Trinity River and several outfalls from the District will be constructed that connect directly to it. In other areas, the existing tributaries will be used to convey flow from the District to the Trinity River. All drainage elements were designed according to the requirements of the City and were approved by the City prior to construction.

The District is being constructed with an underground storm water sewer system that utilizes curb inlets, area inlets, reinforced concrete pipe, concrete box culverts and existing unnamed tributaries to collect and convey flow to the Trinity River. There are currently two (2) detention ponds that collect flow from the District and release flow into unnamed tributaries that leave the boundaries of the District before their confluence with the Trinity River. These ponds were designed according to the requirements of the City and were approved by the City prior to construction.

- Floodplain -

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a 1% 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.

Approximately 31 acres in the District lie in the 100-year floodplain. No development is planned within the 100-year floodplain.

Description of the Roads

Construction of the road improvements within the boundaries of the District has been financed with funds advanced by the Developers, to be reimbursed with bond proceeds. The roads within the District vary in width in accordance with the standards of the City and are sized to according to the Developer's Development Agreement with the City.

Master District Contract

The District has agreed to assume the responsibility of becoming the coordinating municipal utility district for provision of certain regional services to the Trinity Falls community (the "Service Area"), which consists of three (3) municipal utility districts, including MUD 2, MUD 2A (a benign, inactive district), and the District, in its capacity as a participating municipal utility district (collectively, the "Participant Districts"). The District, when acting in the capacity as the coordinating district, is considered the master district (the "Master District").

MUD 2 and the Master District have entered into the Amended and Restated Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer Facilities, Roads, and Fire Protection Facilities, as amended by those certain Amendments to Amended and Restated Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer Facilities, Roads, and Fire Protection Facilities, each dated effective September 5, 2018, as amended (collectively, the "Master District Contract"). Under the Master District Contract, the Master District is obligated to provide the Road System, System, and fire protection facilities required by the Master District Contract, necessary to serve the Participant Districts. To provide funds necessary to acquire the needed facilities, the Participant Districts are required under the contract to pay connection charges to the Master District in amounts sufficient to enable the Master District to provide such services. The connection charge, which is subject to recalculation periodically, is determined by dividing the current estimated costs of all the aforementioned regional facilities to be constructed minus the payments which have previously been received for connections purchased, by the anticipated number of connections remaining to be purchased, within the Service Area. Between recalculation dates, the ENR Construction Cost Index, a construction industry cost indexing standards periodic publication, may be applied as an escalator to the connection charge. In lieu of payment of connection charges, the District, with the approval of the Master District, may construct facilities for the Master District which after completion are conveyed to the Master District as a credit against connection charges.

The total current master district connection fee of $23,324 consists of a $11,502 Master District System connection fee for utilities and fire protection and a $11,822 Master District Road System connection. The funds held by the District in its capacity as the Master District are legally separate distinct from the funds of the District in its capacity as a Participant District. Funds held by the District in its capacity as the Master District will never be available to make debt service payments on the Bonds.

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General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the System. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended March 31				
	2026	2025	2024	2023	2022
REVENUES					
Water Service	$ –	$ –	$ –	$ –	$ –
Garbage Service	–	–	126,546	114,374	73,499
Property Taxes	1,711,539	1,752,892	1,700,031	1,759,290	1,407,022
Builder Contributions	–	–	–	–	–
Regional Facilities	977,912	522,248	396,234	–	1,233,554
Park Fee Reimbursement	160,413	513,035	–	–	–
Connection Charges	–	–	–	–	–
Developer Contributions	129,000	–	–	–	–
Franchise Fees	171,600	198,888	162,316	133,647	99,399
Miscellaneous	7,288	3,192	–	76,272	–
Investment Earnings	155,919	196,479	196,235	76,677	3,169
TOTAL REVENUES	$ 3,313,671	$3,187,454	$2,581,362	$2,807,597	$2,816,643
EXPENDITURES					
Regional Facilities Charges	$ 1,441,884	$1,511,534	$1,333,905	$ –	$ –
Personnel	233,590	105,000	134,169	41,200	42,627
Professional Fees	232,307	166,494	214,560	205,612	234,496
Contracted Services	49,283	39,466	45,674	28,195	10,760
Repairs and Maintenance	94,030	33,533	44,893	66,241	29,357
Utilities	-	15,435	9,485	11,780	–
Administrative	–	–	68,300	32,980	49,134
Other	59,545	67,929	–	–	976
City Park Fee	223,140	221,754	225,740	180,660	124,016
Fire Service Fee	926,394	720,798	607,744	1,535,678	–
Master District Fees	–	–	–	653,866	395,927
Firefighter Training	–	–	–	–	–
Equipment	–	–	–	51,385	22,334
Developer Reimbursements	–	–	–	–	1,168,480
Capital Outlay	369,713	243,115	–	–	–
Debt Issuance Costs	–	–	49,758	–	–
TOTAL EXPENDITURES	$ 3,629,886	$3,125,058	$2,734,228	$2,807,597	$2,078,107
NET REVENUE (DEFICIT)	$ (316,215)	$ 62,396	$ (152,866)	$ (647,337)	$ 738,536

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DISTRICT DEBT

2026 Assessed Taxable Valuation See "TAX DATA" and "TAXING PROCEDURES."		$ 1,013,741,665	(a)
Estimated Assessed Taxable Valuation as of June 1, 2026 See "TAX DATA" and "TAXING PROCEDURES."		$ 1,041,756,706	(b)
Direct Debt:			
The Outstanding Road Bonds (at the Delivery of the Bonds)	$	54,865,000	
The Outstanding System Bonds (at the Delivery of the Bonds)		59,995,000	
The Bonds		1,150,000	
Total	$	116,010,000	
Estimated Overlapping Debt	$	17,716,200	(c)
Total Direct and Estimated Overlapping Debt	$	133,726,200	(c)
Direct Debt Ratios:			
As a Percentage of the 2026 Assessed Taxable Valuation		11.44	%
As a Percentage of the Estimated Assessed Taxable Valuation as of June 1, 2026		11.14	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2026 Assessed Taxable Valuation		13.19	%
As a Percentage of the Estimated Assessed Taxable Valuation as of June 1, 2026		12.84	%
General Operating Fund Balance (as of October 8, 2026)	$	3,322,197	
Road System Debt Service Fund Balance (as of October 8, 2026)	$	1,594,625	(d)
Road System Capital Projects Fund Balance (as of October 8, 2026)	$	2	
System Debt Service Fund Balance (as of October 8, 2026)	$	2,021,889	(e)
System Capital Projects Fund Balance (as of October 8, 2026)	$	191	
2026 District Tax Rate per $100 of Assessed Taxable Valuation:			
Road System Debt Service	$	0.387300	
System Debt Service	$	0.442050	
Maintenance & Operations	$	0.155400	
Total	$	0.984750	
Single-Family Homes (Including 7 Under Construction) as of October 1, 2026		1,940	(f)

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2026, provided by the Appraisal District (herein defined).

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of June 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through June 1, 2026. No taxes will be levied against this amount.

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

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the System, including the Outstanding System Bonds.

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the System Debt Service Fund. Funds in the System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Bonds.

(f) See "DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development."

DISTRICT DEBT

(CONTINUED)

Road System Debt Service Calculations

Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2027-2051)	$	3,362,154
Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2040)	$	4,132,406
Road System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2027-2051) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.35
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.34
Road System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.43
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.42

System Debt Service Calculations

Average Annual Debt Service Requirement on the Outstanding System Bonds (2027–2048)	$	3,751,885
Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2040)	$	4,814,000
System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding System Bonds (2027–2048) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.39
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.38
System Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding System Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.50
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.49

Combined Debt Service Calculations

Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2027-2051)	$	6,663,813
Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2040)	$	8,946,406
Combined Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2027-2051) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.70
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.68
Combined Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Road Bonds, the Outstanding System Bonds, and the Bonds (2040) at 95% Collections Based on:		
The 2026 Assessed Taxable Valuation ($1,013,741,665)	$	0.93
The Estimated Assessed Taxable Valuation as of June 1, 2026 ($1,041,756,706)	$	0.91

Debt Service Requirements

- Road Debt Service -

The following sets forth the debt service requirements on the Outstanding Road Bonds (at the delivery of the Bonds) and the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2027	$ 3,885,838	$ 40,000	$ 38,675	$ 78,675	$ 3,964,512
2028	3,892,995	25,000	52,575	77,575	3,970,570
2029	3,896,301	25,000	51,575	76,575	3,972,876
2030	3,890,958	25,000	50,575	75,575	3,966,533
2031	3,905,458	30,000	49,575	79,575	3,985,033
2032	3,920,654	30,000	48,375	78,375	3,999,029
2033	3,931,866	30,000	47,175	77,175	4,009,041
2034	3,944,121	35,000	45,975	80,975	4,025,096
2035	3,974,461	35,000	44,575	79,575	4,054,036
2036	3,983,713	35,000	43,175	78,175	4,061,888
2037	4,008,938	40,000	41,600	81,600	4,090,538
2038	4,014,488	40,000	39,800	79,800	4,094,288
2039	4,033,425	45,000	38,000	83,000	4,116,425
2040	4,051,656	45,000	35,750	80,750	4,132,406
2041	3,664,638	45,000	33,500	78,500	3,743,138
2042	3,573,356	50,000	31,250	81,250	3,654,606
2043	3,525,769	50,000	28,750	78,750	3,604,519
2044	3,536,744	55,000	26,250	81,250	3,617,994
2045	3,557,456	55,000	23,500	78,500	3,635,956
2046	3,496,569	60,000	20,750	80,750	3,577,319
2047	2,982,188	65,000	17,750	82,750	3,064,938
2048	1,358,563	65,000	14,500	79,500	1,438,063
2049	511,013	70,000	11,250	81,250	592,263
2050	516,038	75,000	7,750	82,750	598,788
2051	–	80,000	4,000	84,000	84,000
Total	$ 82,057,201	$ 1,150,000	$ 846,650	$ 1,996,650	$84,053,851

Combined Average Annual Requirement on the Outstanding Road Bonds and the Bonds (2027-2051) ..... $ 3,362,154

Combined Maximum Annual Requirement on the Outstanding Road Bonds and the Bonds (2040) ..... $ 4,132,406

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- System Debt Service -

The following sets forth the debt service requirements on the Outstanding System Bonds (at the delivery of the Bonds). Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	Total Debt Service
2027	$ 4,469,769	$ 4,469,769
2028	4,480,219	4,480,219
2029	4,506,719	4,506,719
2030	4,528,544	4,528,544
2031	4,551,538	4,551,538
2032	4,572,475	4,572,475
2033	4,614,219	4,614,219
2034	4,643,731	4,643,731
2035	4,671,019	4,671,019
2036	4,696,906	4,696,906
2037	4,732,831	4,732,831
2038	4,766,544	4,766,544
2039	4,777,913	4,777,913
2040	4,814,000	4,814,000
2041	4,231,813	4,231,813
2042	3,326,913	3,326,913
2043	2,781,238	2,781,238
2044	2,130,888	2,130,888
2045	2,143,438	2,143,438
2046	1,662,938	1,662,938
2047	1,110,225	1,110,225
2048	327,600	327,600
Total	$ 82,541,475	$82,541,475

Average Annual Requirement on the Outstanding System Bonds (2027–2048)	$ 3,751,885
Maximum Annual Requirement on the Outstanding System Bonds (2040)	$ 4,814,000

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Estimated Direct and 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 several sources, including information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. 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 of debt service, and the tax burden for operation, maintenance, and/or general purposes is not included in these figures.

Taxing Jurisdiction	Outstanding Debt as of 8/31/2026	Overlapping	
		Percent	Amount
The County	$ 1,133,210,000	0.36 %	$ 4,058,413
Collin County Community College District	415,555,000	0.39 %	1,637,888
McKinney Independent School District	337,410,000	3.56 %	12,019,898
Collin County ESD No. 1	-	0.00 %	-
Total Estimated Overlapping Debt			$ 17,716,200
The District			$ 116,010,000 (a)
Total Direct & Estimated Overlapping Debt			$ 133,726,200 (a)

(a) Includes the Bonds.

Debt Ratios

	Percentage of the 2026 Assessed Taxable Valuation	Percentage of the Estimated Assessed Taxable Valuation as of June 1, 2026
Direct Debt (a)	11.44 %	11.14 %
Direct and Estimated Overlapping Debt (a)	13.19 %	12.84 %

(a) Includes the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, against all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the maintenance and operations of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions 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 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 the responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within the County, including the District. Such appraisal values are subject to review and change by the Collin County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate. Under certain circumstances, taxpayers and taxing units may appeal orders of the Appraisal Review Board by timely filing a petition of review in Texas District Court, where the value of the property will be determined.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable to a subsequent residence homestead of the

surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

For the 2026 tax year, the District adopted a $5,000 residential homestead exemption for individuals who are disabled or 65 years of age or older.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit Exemption" may apply, for 2012 and subsequent tax years, to certain tangible personal property that is acquired in or imported into Texas for assembling, storing, manufacturing, or fabrication purposes which is destined to be forwarded to another location in Texas not later than 175 days after acquisition or importation, so long as the location where said goods are detained is not directly or indirectly owned by the owner of the goods. The District has taken no action to allow taxation or exemptions of goods-in-transit, but may choose to take actions to allow such exemptions in the future. A taxpayer may not claim both a Freeport Goods Exemption and a Goods-in-Transit Exemption on the same property.

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 100% of market value, as such is defined in the Property Tax Code.

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor of Texas (the "Governor"). 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.

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

District and Taxpayer Remedies

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

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Property Tax Code, are required

to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.035 times the amount of maintenance and operations tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President of the United States (the "President"), 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 maintenance and operations tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

For the 2026 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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, including such taxes for a period of three (3) years for agricultural use, timberland, or open space land prior to the loss of the designation.

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, 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 and operations 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional 20% penalty for collection costs. A delinquent tax on personal property incurs an additional 20% penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes

billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Property owners affected by a disaster may pay property taxes in four (4) equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceeding which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS – General" and "Tax Collections and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of Texas; the County; the City; or any entity other than the District and will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District (See "THE BONDS – Source of Payment"). The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "INVESTMENT CONSIDERTATIONS – Limitation to Registered Owners' Remedies."

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 housing industry in the County. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment and consumer demand. 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 WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more

established commercial centers and neighborhoods closer to the City of Dallas, Texas that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developers or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Location and Access: The District is located approximately 37 miles southwest from the central business district of the City of Dallas, Texas. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developers within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "STATUS OF DEVELOPMENT."

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

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Assessed Taxable valuation of property located within the District is $1,013,741,665 and the estimated assessed taxable valuation of property located within the District as of June 1, 2026, is $1,041,756,706. See "TAX DATA."

After issuance of the Bonds, the combined maximum annual debt service requirement on the Outstanding Road Bonds and the Bonds will be $4,132,406 (2040) and the combined average annual debt service requirement on the Outstanding Road Bonds and the Bonds will be $3,362,154 (2027-2051). Assuming no increase to, nor decrease from, the 2026 Assessed Taxable valuation, a tax rate of $0.43 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined maximum annual debt service requirement on the Outstanding Road Bonds and the Bonds, and a tax rate of $0.35 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined average annual debt service requirement on the Outstanding Road Bonds and the Bonds. Assuming no increase to, nor decrease from, the estimated assessed taxable valuation as of June 1, 2026, a tax rate of $0.42 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined maximum annual debt service requirement on the Outstanding Road Bonds and the Bonds, and a tax rate of $0.34 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined average annual debt service requirement on the Outstanding Road Bonds and the Bonds.

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding System Bonds will be $4,814,000 (2040) and the average annual debt service requirement on the Outstanding System Bonds will be $3,751,885 (2027–2048). Assuming no increase to, nor decrease from, the 2026 Assessed Taxable valuation, a tax rate of $0.50 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding System Bonds, and a tax rate of $0.39 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the

average annual debt service requirement on the Outstanding System Bonds. Assuming no increase to, nor decrease from, the estimated assessed taxable valuation as of June 1, 2026, a tax rate of $0.49 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding System Bonds, and a tax rate of $0.38 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the average annual debt service requirement on the Outstanding System Bonds.

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a 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 determining 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 Owners could potentially and adversely impair the value of the Registered Owners' claims.

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

A municipal utility district cannot be placed into bankruptcy involuntarily.

Changes in Tax Legislation

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

The 90th Texas Legislature

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

Cybersecurity

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

Marketability

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

Continuing Compliance with Certain Covenants

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

Future Debt

The Bonds are the tenth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System. Voters in the District have authorized a total of $145,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $133,050,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District. After the issuance of the Bonds, the following amounts will remain authorized but unissued: $82,255,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $217,500,000 principal amount of unlimited tax refunding bonds for the Road System; $59,465,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System; $199,575,000 principal amount of unlimited tax refunding bonds for the System; $10,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing firefighting facilities to serve the District; and $15,360,000 principal amount of unlimited tax refunding bonds for firefighting facilities to serve the District.

The Bonds, when issued, will constitute legal, valid, and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The District also has the right to issue certain other additional bonds, special projects bonds, and other obligations, as described in the Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. Pursuant to the Consent Agreement, the District and MUD 2 shall not issue more than an aggregate of $318,000,000 principal amount of bonds, plus a 3% annual increase on the amount of authorized but unissued bonds on each July 1, plus the addition of an additional $30,000,000 to the bond limit beginning July 1, 2023 (excluding any refunding bonds), unless specifically approved by the City. After the issuance of the Bonds, the District and MUD 2 will have approximately $195,028,948 remaining under such cap (inflation adjusted). See "CONSENT AGREEMENT WITH THE CITY."

Following issuance of the Bonds, the District will owe the Developers (herein defined) approximately $27,598,875 for the reimbursable expenditures that the Developers has advanced to date for the purpose of acquiring or constructing the Road System and approximately $4,346,255 for the purpose of acquiring or constructing the System. Following issuance of the Bonds, the Master District (herein defined) will owe the Developers approximately $33,225,533 (a portion of which is owed by the District, MUD 2, or McKinney Municipal Utility District No. 2A ("MUD 2A")) for the reimbursable expenditures that the Developers has advanced to date for the purpose of acquiring or constructing the Road System. Following issuance of the Bonds, the Master District will owe the Developers approximately $22,128,743 (a portion of which is owed by the District, MUD 2, or MUD 2A) for the reimbursable expenditures that the Developers has advanced to date for the purpose of acquiring or constructing the System. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Approval of the Bonds

The issuance of the Bonds does not require TCEQ approval. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the safety of the Bonds as an investment, nor have such authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one (1) or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the 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. See "TAXING PROCEDURES."

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 Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Dallas-Fort Worth area. Under the Clean Air Act ("CAA") Amendments of 1990, a ten-county Dallas-Fort Worth area ("2008 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a "severe" nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), effective November 7, 2022 with an attainment year of 2026. The "severe" nonattainment classification provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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 area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), effective July 22, 2024. The requirements for an area designated as "serious" vary and establish several attainment deadlines ranging from January 1, 2026 to January 1, 2028, with such deadlines applicable to the specific requirements of the EPA's final action.

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. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2027, addressing the "serious" nonattainment classification.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility

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

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

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

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

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

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

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the assessed taxable 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 taxable values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flood

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

Riverine (or Fluvial) Flood

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

Bond Insurance Risk Factors

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

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

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no

assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "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 or Initial Purchaser (herein defined) has 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" for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

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 Texas 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 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 interest on the Bonds is excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended (the "Code") of the holders for federal tax purposes under existing law, statutes, regulations, published rulings, and court decisions and interest on the Bonds is not subject to the federal alternative minimum tax.

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT – General," "THE BONDS" (except under the subheading "Registered Owner's Remedies"), "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine 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 or Developers for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are 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.

No-Litigation Certificate

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

No Material Adverse Change

The obligations of each Initial Purchaser to take and pay for each respective series of the Bonds, and of the District to deliver each respective series of the Bonds, are subject to the condition that, up to the time of delivery of, receipt of, and payment for each respective series of 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 delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or Beneficial Owners to incur significant expense.

Possible Tax Legislation

If enacted, potential tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public. Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" and will represent 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 the 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. Pursuant to Section 265 of the Code, a qualifying financial institution may be allowed a deduction from its own federal

corporate income tax for the portion of interest expense the financial institution is able to allocate to designated bank-qualified investments. Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

The discussion contained herein may not be exhaustive. Investors, including those who are subject to special provisions of the Code, should consult their own tax advisors as to the tax treatment which may be anticipated to result from the purchase, ownership, and disposition of tax-exempt obligations before determining whether to purchase the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Pursuant to these covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its function as a repository, through its Electronic Municipal Market Access ("EMMA") system, available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the EMMA annually.

The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and "APPENDIX A." The District will update and provide this information within six (6) months after the end of each of its fiscal years.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in "APPENDIX A" or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Material Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten (10) 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 IRS 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, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule, the sale of all or substantially all of the assets of the District within the meaning of the Rule, other than in the ordinary course of business, or 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar

terms of a financial obligation of the District, any of which affect bondholders, 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, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which an official statement has been provided to the MSRB consistent with 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 Order make 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 financial information, operating data, or financial statements in accordance with its agreement described under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports."

Availability of Information

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may 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 material 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 may seek a writ of mandamus to compel the District to comply with its agreement.

The Developers have agreed to provide to the District the information that the District has agreed to provide with respect to the Developers. The Developers has also agreed with the District that it will not assign any of its rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the Developer's agreement to provide such information, but the Developers may sell its property within the District without any such assumption. The District's ability to provide information about the Developers or others, as well as the accuracy and completeness of such information, is completely dependent on such persons' compliance with their contractual agreements with the District.

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 or Developers, 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. The District may also amend or repeal the agreement if the SEC 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 Purchaser 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 under " CONTINUING DISCLOSURE OF INFORMATION – Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District has entered into continuing disclosure agreements in connection with the issuance of the Outstanding Road Bonds and the Outstanding System Bonds.

Due to an administrative oversight, notices of the incurrence of a financial obligation for the District's $6,002,000 Bond Anticipation Note, Series 2020, issued on December 9, 2020, and for the District's $6,183,000 Bond Anticipation Note, Series 2021, issued on December 16, 2021, were not filed in a timely manner. Such notices were filed on EMMA, including the notice of failure to file, on October 17, 2022. All related information and notices have been filed as of this date.

Except as mentioned above, in the last five (5) years the District has complied in all material respects with such agreements and the Rule.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: information found under the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer; information found under the sections captioned "DEVELOPERS AND PRINCIPAL LANDOWNER" and "DEVELOPMENT WITHIN THE DISTRICT" has been provided by the Developers; information found under the section captioned "TAX DATA" has been provided by the Tax Assessor/Collector and the Appraisal District; and information found under the sections captioned "THE BONDS," "DEVELOPMENT AGREEMENT WITH CITY," "CONSENT AGREEMENT WITH THE CITY," "STRATEGIC PARTNERSHIP AGREEMENT WITH CITY," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" has been provided by Bond Counsel.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

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

Tax Assessor/Collector and Appraisal District: The information contained in this Official Statement relating to principal taxpayers and tax collection rates and the certified assessed taxable valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA," has been provided by the Tax Assessor/Collector and the Appraisal District, in reliance upon their authority as experts in the fields of property appraisal and tax assessment.

Auditor

The District's financial statements for the year ended March 31, 2026, were audited by the Auditor and have been included herein as "APPENDIX A." The Auditor has consented to the publication of such financial statements in this Official Statement.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity, 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, description, 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 this 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 this Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

This Official Statement was approved by the Board of Directors of McKinney Municipal Utility District No. 1 of Collin County, as of the date shown on the cover.

/s/ Jeremy Dorenkamp
President, Board of Directors
McKinney Municipal Utility District No. 1 of Collin County

ATTEST:

/s/ David Johnston
Secretary, Board of Directors
McKinney Municipal Utility District No. 1 of Collin County

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 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
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Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
McKinney Municipal Utility
District No. 1 of Collin County
Collin County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of McKinney Municipal Utility District No. 1 of Collin County (the "District") as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 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.

Board of Directors
McKinney Municipal Utility
District No. 1 of Collin County

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

August 13, 2026

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

Management's discussion and analysis of McKinney Municipal Utility District No. 1 of Collin County's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like 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 the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. The 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, assets exceeded liabilities by $22,079,900 as of March 31, 2026.

A portion of the District's net position reflects its net investment in capital assets (land, equipment, road facilities, park and recreation facilities as well as water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding).

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 13,796,229	$ 14,431,981	$ (635,752)
Capital Assets (Net of Accumulated Depreciation)	167,837,872	161,601,387	6,236,485
Total Assets	$ 181,634,101	$ 176,033,368	$ 5,600,733
Due to Developers	$ 39,900,727	$ 40,233,521	$ 332,794
Bonds Payable	119,059,887	115,332,804	(3,727,083)
Other Liabilities	593,587	1,445,166	851,579
Total Liabilities	$ 159,554,201	$ 157,011,491	$ (2,542,710)
Net Position:			
Net Investment in Capital Assets	$ 8,877,258	$ 6,044,580	$ 2,832,678
Restricted	9,308,473	8,475,361	833,112
Unrestricted	3,894,169	4,501,936	(607,767)
Total Net Position	$ 22,079,900	$ 19,021,877	$ 3,058,023

The following table provides a summary of the District's operations for the years ended March 31, 2026, and March 31, 2025.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 10,278,217	$ 9,876,147	$ 402,070
Regional Facilities	677,912	522,248	155,664
Other Revenues	928,676	1,277,378	(348,702)
Conveyance of Assets		34,470,684	(34,470,684)
Total Revenues	$ 11,884,805	$ 46,146,457	$ (34,261,652)
Expenses for Services	8,826,782	11,557,832	2,731,050
Change in Net Position	$ 3,058,023	$ 34,588,625	$ (31,530,602)
Net Position, Beginning of Year	19,021,877	(15,566,748)	34,588,625
Net Position, End of Year	$ 22,079,900	$ 19,021,877	$ 3,058,023

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2026, were $13,233,382, an increase of $455,805 from the prior year.

The General Fund fund balance decreased by $316,215, primarily due to operating costs and capital costs exceeding revenues.

The Debt Service Fund fund balance increased by $781,538, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $9,518, primarily due to a developer reimbursement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did amend the budget during the fiscal year to decrease estimated property tax revenues. Actual revenues were $284,484 more than budgeted and actual expenditures were $709,724 more than budgeted expenditures. This resulted in a negative budget variance of $425,240. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of March 31, 2026, total $167,837,872 (net of accumulated depreciation) and include land, equipment, road facilities, park and recreation facilities, as well as the water, wastewater and drainage systems.

The District conveys completed water, wastewater, and certain drainage facilities to the City of McKinney, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

On February 24, 2025, MUD 2 conveyed to the District all roads and storm drainage facilities located within MUD 2 and assign any contract rights and warranties related to the roads to the District.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 983,717	$ 983,717	$
Capital Assets, Net of Accumulated Depreciation:			
Regional Facilities			
Drainage System	27,725,366	28,007,324	(281,958)
Roads	42,387,614	38,754,591	3,633,023
Internal Facilities			
Drainage System	17,661,350	15,802,414	1,858,936
Roads	34,292,348	33,074,492	1,217,856
Parks and Recreation	752,683	401,562	351,121
Equipment	293,627	334,549	(40,922)
Water and Sanitary Infrastructure	35,839,123	35,045,711	793,412
Landscaping	7,902,044	9,197,027	(1,294,983)
Total Net Capital Assets	$ 167,837,872	$ 161,601,387	$ 6,236,485

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of $118,765,000. The changes in the debt position of the District during the fiscal year ended March 31, 2026, are summarized as follows:

Bond Debt Payable, April 1, 2024	$ 115,085,000
Add: Bond Sale - Series 2025	7,300,000
Less: Bond Principal Paid	3,620,000
Bond Debt Payable, March 31, 2025	$ 118,765,000

LONG-TERM DEBT ACTIVITY (Continued)

The Series 2015 Bonds and the Series 2016 Road Bonds do not carry an underlying or insured rating.

The Series 2017 Bonds, Series 20217A Road Bonds, Series 2018 Bonds, and Series 2018 Road Bonds do not carry an underlying rating and insured rating of "AA" by virtue of bond insurance by Build America Mutual Assurance Company.

The Series 2019 Bonds, Series 2020 Bonds, Series 2020 Road Bonds, Series 2021 Bonds, Series 2021 Road Bonds, Series 2022 Bonds, Series 2022 Road Bonds, Series 2023A Bonds, and Series 2025 Road Bonds carry an underlying rating of "A3" and an insured rating of "AA" from S&P Global and/or "A1" from Moody's Investors and/or "AA+" from Knoll Bond Rating by virtue of bond insurance by Assured Guaranty.

The Series 2023 Bonds and the Series 2023 Road Bonds carry underlying rating of "A3" and insured rating of "AA" by virtue of bond insurance by Build America Mutual Assurance Company. The above ratings reflect all changes through March 31, 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 McKinney Municipal Utility District No. 1 of Collin County, c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, TX 77056.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 497,936	$ 128,605
Investments	3,207,540	9,296,292
Receivables:		
Property Taxes	54,238	267,457
Penalty and Interest on Delinquent Taxes		
Other	160,203	
Due from Other Funds	19,807	
Prepaid Costs	49,826	
Due from Other Governmental Units	107,843	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 4,097,393	$ 9,692,354

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 65	$ 626,606	$	$ 626,606
11,459	12,515,291		12,515,291
	321,695		321,695
		14,765	14,765
	160,203		160,203
	19,807	(19,807)	
	49,826		49,826
	107,843		107,843
		983,717	983,717
		166,854,155	166,854,155
$ 11,524	$ 13,801,271	$ 167,832,830	$ 181,634,101

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

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 203,224	$ 3,225
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		9,561
Due to Taxpayers		18,660
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 203,224	$ 31,446
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 54,238	$ 267,457
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 49,826	$
Restricted for Debt Service		9,393,451
Assigned to 2027 Budget	137,232	
Unassigned	3,652,873	
TOTAL FUND BALANCES	$ 3,839,931	$ 9,393,451
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,097,393	$ 9,692,354
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,278	$ 207,727	$	$ 207,727
		367,200	367,200
		39,900,727	39,900,727
10,246	19,807	(19,807)	
	18,660		18,660
		3,905,000	3,905,000
		115,154,887	115,154,887
$ 11,524	$ 246,194	$ 159,308,007	$ 159,554,201
$ - 0 -	$ 321,695	$ (321,695)	$ - 0 -
$	$ 49,826	$ (49,826)	$
	9,393,451	(9,393,451)	
	137,232	(137,232)	
	3,652,873	(3,652,873)	
$ - 0 -	$ 13,233,382	$ (13,233,382)	$ - 0 -
$ 11,524	$ 13,801,271		
		$ 8,877,258	$ 8,877,258
		9,308,473	9,308,473
		3,894,169	3,894,169
		$ 22,079,900	$ 22,079,900

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

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2026

Total Fund Balances - Governmental Funds		$ 13,233,382
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		167,837,872
Deferred inflows of resources related to tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2025 and prior tax levies became part of recognized revenues in the governmental activities of the District.		336,460
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developers	$ (39,900,727)	
Accrued Interest Payable	(367,200)	
Bonds Payable	(3,905,000)	
Bonds Payable After One Year	(115,154,887)	(159,327,814)
Total Net Position - Governmental Activities		$ 22,079,900

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

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,711,539	$ 8,490,873
Regional Facilities	977,912	
Park Fee Reimbursement	160,413	
Builder Contributions	129,000	
Franchise Fees	171,600	
Penalty and Interest		37,069
Investment Revenues	155,919	267,157
Miscellaneous Revenues	7,288	234
TOTAL REVENUES	$ 3,313,671	$ 8,795,333
EXPENDITURES/EXPENSES		
Operating and Administrative:		
Regional Facilities	$ 1,441,884	$
Personnel	233,590	
Professional Fees	232,307	25,558
Contracted Services	49,283	105,339
Repairs and Maintenance	94,030	
Depreciation		
Other	59,545	14,875
Intergovernmental:		
City Park Fee	223,140	
Fire Service Fee	926,394	
Developer Reimbursements		
Capital Outlay	369,713	
Conveyance of Assets		
Developer Interest		
Debt Service:		
Bond Principal		3,620,000
Bond Interest		4,248,023
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 3,629,886	$ 8,013,795
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (316,215)	$ 781,538
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	$	$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ (316,215)	$ 781,538
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2025	4,156,146	8,611,913
FUND BALANCES/NET POSITION - MARCH 31, 2026	$ 3,839,931	$ 9,393,451

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 10,202,412	$ 75,805	$ 10,278,217
	977,912	(300,000)	677,912
	160,413		160,413
	129,000		129,000
	171,600		171,600
	37,069	1,517	38,586
438	423,514		423,514
	7,522	(1,959)	5,563
$ 438	$ 12,109,442	$ (224,637)	$ 11,884,805
$	$ 1,441,884	$	$ 1,441,884
	233,590		233,590
109,565	367,430		367,430
	154,622		154,622
	94,030		94,030
		4,761,653	4,761,653
119	74,539		74,539
	223,140		223,140
	926,394		926,394
5,501,121	5,501,121	(5,501,121)	
	369,713	(369,713)	
		(5,460,099)	(5,460,099)
1,149,884	1,149,884		1,149,884
	3,620,000	(3,620,000)	
	4,248,023	395	4,248,418
611,297	611,297		611,297
$ 7,371,986	$ 19,015,667	$ (10,188,885)	$ 8,826,782
$ (7,371,548)	$ (6,906,225)	$ 9,964,248	$ 3,058,023
$ 7,300,000	$ 7,300,000	$ (7,300,000)	$
(115,268)	(115,268)	115,268	
177,298	177,298	(177,298)	
$ 7,362,030	$ 7,362,030	$ (7,362,030)	$ - 0 -
$ (9,518)	$ 455,805	$ (455,805)	$
		3,058,023	3,058,023
9,518	12,777,577	6,244,300	19,021,877
$ -0-	$ 13,233,382	$ 8,846,518	$ 22,079,900

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

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2026

Net Change in Fund Balances - Governmental Funds	$	455,805
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		75,805
Governmental funds report delinquent tax penalty and interest when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		1,517
The District's note receivable is not a current financial resource and is not reported in the governmental funds. The note receivable was paid through the funds in the current year.		(301,959)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(4,761,653)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		5,829,812
Governmental funds report bond premiums and bond discounts as other financing sources or uses in the year received or paid. However, in the government-wide financial statements, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is added to bond interest expense.		(62,030)
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.		3,620,000
Governmental funds report interest payments on long-term debt as expenditures. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.		(395)
Governmental funds report bond proceeds as other financing sources. However, in the government-wide financial statements, issued debt increases long-term liabilities in the Statement of Net Position.		(7,300,000)
Government funds report developer reimbursements as expenditures. However, in the government-wide financial statements, developer reimbursement decrease the due to developer liabilities and the Statement of Activities is not affected.		5,501,121
Change in Net Position - Governmental Activities	$	3,058,023

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

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2026

NOTE 1. CREATION OF DISTRICT

McKinney Municipal Utility District No. 1 of Collin County, located in Collin County, Texas (the "District"), was created and established by House Bill 3979, 80th Regular Session of the Texas Legislature, codified at Chapter 8223, Texas Special District Local Laws Code, effective September 1, 2007, and operates in accordance with the Texas Water Code, Chapter 49 and 54. The District is empowered to provide construction of water, sewer, drainage and fire protection facilities and road improvements within the boundaries of the District, as well as the construction of similar facilities and a fire station for the Trinity Falls master-planned community ("Master District Service Area") pursuant to the Master District Contract discussed in Note 13. As further discussed in Notes 11 and 12, the District transfers the water, sewer, and certain drainage facilities to the City of McKinney upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The Board of Directors held its first meeting on March 5, 2010 and the first bonds were sold on September 16, 2015.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. 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 revenues and expenses of the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

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

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

Basis of Accounting

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of March 31, 2026, the Debt Service Fund owed the General Fund $9,561 for maintenance tax collections and the Capital Projects Fund owed the General Fund $10,246 for legal and bond fees.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of $50,000 or more and a useful life of two years or more. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Roads	30
Parks and Recreation	30
Water System	45
Wastewater System	45
Drainage System	45
All Other Equipment	10

The District conveys completed water, wastewater and certain drainage facilities to the City of McKinney, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated 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 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 revenues and expenditures for the current year.

Pensions

The District has 7 full-time employees and 1 part-time employes and participates in a 457 retirement plan. See Note 16. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for 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, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. As of March 31, 2026, the District has assigned fund balance of $137,232 for fiscal year 2027.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The District's bonds payable at March 31, 2026, consist of the following unlimited tax bonds:

	Series 2015	Series 2016 Road
Amount Outstanding – March 31, 2026	$ 6,250,000	$ 4,350,000
Interest Rates	3.25% - 4.00%	3.40% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2040	September 1, 2026/2040
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2023*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2015 term bonds maturing on September 1, 2037 and September 1, 2040 are scheduled for mandatory redemption beginning September 1, 2034 and September 1, 2038, respectively. The Series 2016 Road term bonds maturing on September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035 and September 1, 2040 are scheduled for mandatory redemption beginning September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034 and September 1, 2036, respectively.

NOTE 3. LONG-TERM DEBT

The District's bonds payable at March 31, 2026, consist of the following unlimited tax bonds:

	Series 2017	Series 2017A Road	Series 2018
Amount Outstanding – March 31, 2026	$ 10,410,000	$ 1,120,000	$ 6,730,000
Interest Rates	3.00% - 3.75%	3.125% - 4.00%	3.00% - 5.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2041	September 1, 2026/2041	September 1, 2026/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*

	Series 2018 Road	Series 2019	Series 2020
Amount Outstanding – March 31, 2026	$ 840,000	$ 8,420,000	$ 6,480,000
Interest Rates	3.00% - 5.50%	2.125% - 3.25%	3.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2042	September 1, 2026/2043	September 1, 2026/2045
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2025*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2017 term bonds maturing on September 1, 2032, September 1, 2037 and September 1, 2041 are scheduled for mandatory redemption beginning September 1, 2030, September 1, 2033 and September 1, 2038, respectively. The Series 2017 Road term bonds maturing on September 1, 2029, September 1, 2032, September 1, 2035, September 1, 2038, and September 1, 2041 are scheduled for mandatory redemption beginning September 1, 2027, September 1, 2030, September 1, 2033, September 1, 2036 and September 1, 2039, respectively. The Series 2018 term bonds maturing on September 1, 2040 and September 1, 2042 are scheduled for mandatory redemption beginning September 1, 2038 and September 1, 2041, respectively. The Series 2018 Road term bonds maturing on September 1, 2033, September 1, 2038 and September 1, 2042 are scheduled for mandatory redemption beginning September 1, 2031, September 1, 2034 and September 1, 2039, respectively. The Series 2019 term bonds maturing on September 1, 2041 and September 1, 2043 are scheduled for mandatory redemption beginning September 1, 2040 and September 1, 2042, respectively. The Series 2020 term bonds maturing on September 1, 2035, September 1, 2037 and September 1, 2045 are scheduled for mandatory redemption beginning September 1, 2032, September 1, 2036 and September 1, 2038, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020 Road	Series 2021	Series 2021 Road
Amount Outstanding – March 31, 2026	$ 930,000	$ 8,990,000	$ 8,570,000
Interest Rates	3.25% - 5.50%	2.00% - 3.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2045	September 1, 2026/2046	September 1, 2026/2046
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2026*	September 1, 2026*

	Series 2022	Series 2022 Road	Series 2023
Amount Outstanding – March 31, 2026	$ 10,350,000	$ 21,560,000	$ 4,650,000
Interest Rates	4.00% - 5.00%	4.00% - 5.00%	3.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2047	September 1, 2026/2047	September 1, 2026/2048
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2028*	September 1, 2028*	May 1, 2030*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2020 Road term bonds maturing on September 1, 2035 and September 1, 2045 are scheduled for mandatory redemption beginning September 1, 2030 and September 1, 2036, respectively. The Series 2021 term bonds maturing on September 1, 2034, September 1, 2039, September 1, 2042 and September 1, 2046 are scheduled for mandatory redemption beginning September 1, 2033, September 1, 2038, September 1, 2040 and September 1, 2043, respectively. The Series 2021 Road term bonds maturing on September 1, 2036, September 1, 2038, September 1, 2040, September 1, 2042, September 1, 2044 and September 1, 2046 are scheduled for mandatory redemption beginning September 1, 2035, September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2043 and September 1, 2045, respectively. The Series 2022 term bonds maturing on September 1, 2038, September 1, 2040, September 1, 2042, September 1, 2044 and September 1, 2047 are scheduled for mandatory redemption beginning September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2043 and September 1, 2045, respectively. The Series 2022 Road term bonds maturing on September 1, 2042, September 1, 2044 and September 1, 2047 are scheduled for mandatory redemption beginning September 1, 2041, September 1, 2043 and September 1, 2045, respectively. The Series 2023 term bonds maturing on September 1, 2044, September 1, 2046 and September 1, 2048 are scheduled for mandatory redemption beginning September 1, 2043, September 1, 2045 and September 1, 2047, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2023 Road	Series 2023A Road	Series 2025 Road
Amount Outstanding – March 31, 2026	$ 7,155,000	$ 4,660,000	$ 7,300,000
Interest Rates	3.00% - 5.00%	4.00% - 5.00%	4.00% - 6.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2048	September 1, 2026/2048	September 1, 2026/2050
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	May 1, 2030*	May 1, 2029*	September 1, 2031*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2023 Road term bonds maturing on September 1, 2044, September 1, 2046 and September 1, 2048 are scheduled for mandatory redemption beginning September 1, 2043, September 1, 2045 and September 1, 2047, respectively. The Series 2023A Road term bonds maturing on September 1, 2033, September 1, 2035, September 1, 2037 and September 1, 2039 are scheduled for mandatory redemption beginning September 1, 2032, September 1, 2034, September 1, 2036 and September 1, 2038, respectively. The Series 2025 Road term bonds maturing on September 1, 2039 and September 1, 2050 are scheduled for mandatory redemption beginning September 1, 2038 and September 1, 2049, respectively.

The following is a summary of transactions regarding the changes in long-term liabilities for the year ended March 31, 2026:

	April 1, 2025	Additions	Retirements	March 31, 2026
Bonds Payable	$ 115,085,000	$ 7,300,000	$ 3,620,000	$ 118,765,000
Unamortized Discounts	(1,161,331)	(115,268)	(57,049)	(1,219,550)
Unamortized Premiums	1,409,135	177,298	71,996	1,514,437
Bonds Payable, Net	$ 115,332,804	$ 7,362,030	$ 3,634,947	$ 119,059,887

Amount Due Within One Year	$ 3,905,000
Amount Due After One Year	115,154,887
Bonds Payable, Net	$ 119,059,887

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 3,905,000	$ 4,331,005	$ 8,236,005
2028	4,100,000	4,179,411	8,279,411
2029	4,270,000	4,023,117	8,293,117
2030	4,460,000	3,858,762	8,318,762
2031	4,645,000	3,690,749	8,335,749
2032-2036	26,445,000	15,823,861	42,268,861
2037-2041	32,715,000	10,568,333	43,283,333
2042-2046	27,170,000	4,788,780	31,958,780
2047-2051	11,055,000	677,869	11,732,869
	$ 118,765,000	$ 51,941,887	$ 170,706,887

As of March 31, 2026, the District had authorized but unissued bonds in the amount of $59,465,000 for the purposes of acquiring, constructing and improving the water, sanitary, sewer, and drainage systems within the District and $199,575,000 for the refunding bonds; $10,240,000 for fire protection facilities and $15,360,000 for the refunding bonds; and $83,405,000 for road improvements and $217,500,000 for the refunding of such bonds.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District without limitation as to the rate or amount.

During the year ended March 31, 2026, the District levied an ad valorem debt service tax at the rate of $0.43825 per $100 of assessed valuation, which resulted in a tax levy of $4,578,946 on the adjusted taxable valuation of $1,044,844,800 for the 2025 tax year. The District levied an ad valorem road debt service tax at the rate of $0.3815 per $100 of assessed valuation, which resulted in a tax levy of $3,986,083 on the adjusted taxable valuation of $1,044,844,800 for the 2025 tax year. The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes; see Note 7 for maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five year anniversary of each use.

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 $626,606 and the bank balance was $782,280.

The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2026, as listed below:

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash
GENERAL FUND	$ 497,936
DEBT SERVICE FUND	128,605
CAPITAL PROJECTS FUND	65
TOTAL DEPOSITS	$ 626,606

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District also invest in Texas Cooperative Liquid Assets Securities System ("Texas CLASS"). Texas CLASS is a public funds investment pool which has operated since 1996. The pool seeks to provide safety, liquidity, convenience and competitive rates of return for Texas public sector investors such as municipal utility districts. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. UMB Bank, N.A. serves as custodian for the pool. Texas CLASS meets the criteria established in GASB Statement No. 79 and measures portfolio assets at amortized cost. As a result, the District also measures its investments in Texas CLASS at amortized costs for financial reporting purposes. There are no limitations or restrictions on withdrawals from Texas CLASS.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Local Government Investment Cooperative (LOGIC), an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. J. P. Morgan Investment Management, Inc. (JPMIM) serves as investment advisor. Hilltop Securities and JPMIM manage the daily operations of the pool. LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

As of March 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 2,323,236	$ 2,323,236
LOGIC	884,304	884,304
DEBT SERVICE FUND		
Texas CLASS	9,296,292	9,296,292
CAPITAL PROJECTS FUND		
Texas CLASS	11,459	11,459
TOTAL INVESTMENTS	$ 12,515,291	$ 12,515,291

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2026, the District's investments in Texas CLASS and LOGIC were rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS and LOGIC to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026:

	April 1, 2025	Increases	Decreases	March 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 983,717	$ - 0 -	$ - 0 -	$ 983,717
Capital Assets Subject to Depreciation				
Regional Facilities				
Drainage System	$ 29,229,941	$ 471,094	$	$ 29,701,035
Roads	42,479,977	4,989,005		47,468,982
Internal Facilities				
Drainage System	19,031,104	2,300,651		21,331,755
Roads	40,141,008	2,443,652		42,584,660
Parks and Recreation	481,927	369,713		851,640
Equipment	409,219			409,219
Water and Sanitary Infrastructure	41,381,452	1,732,194		43,113,646
Landscaping	11,187,230		1,308,171	9,879,059
Total Capital Assets Subject to Depreciation	$ 184,341,858	$ 12,306,309	$ 1,308,171	$ 195,339,996
Accumulated Depreciation				
Regional Facilities				
Drainage System	$ 1,222,617	$ 753,052	$	$ 1,975,669
Roads	3,725,386	1,355,982		5,081,368
Internal Facilities				
Drainage System	3,228,690	441,715		3,670,405
Roads	7,066,516	1,225,796		8,292,312
Parks and Recreation	80,365	18,592		98,957
Equipment	74,670	40,922		115,592
Water and Sanitary Infrastructure	6,335,741	938,782		7,274,523
Landscaping	1,990,203	219,535	232,723	1,977,015
Total Accumulated Depreciation	$ 23,724,188	$ 4,994,376	$ 232,723	$ 28,485,841
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 160,617,670	$ 7,311,933	$ 1,075,448	$ 166,854,155
Total Capital Assets, Net of Accumulated Depreciation	$ 161,601,387	$ 7,311,933	$ 1,075,448	$ 167,837,872

The District conveys completed water, wastewater, and certain drainage facilities to the City of McKinney, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 7. MAINTENANCE TAX

On May 21, 2014, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. During the year ended March 31, 2026, the District levied an ad valorem maintenance tax at the rate of $0.165 per $100 of assessed valuation, which resulted in a tax levy of $1,723,965 on the adjusted taxable valuation of $1,044,844,800 for the 2025 tax year. This maintenance tax is deposited to the General Fund and used to pay expenditures of operating the District's waterworks and sanitary sewer systems.

NOTE 8. DUE TO DEVELOPER

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, and drainage facilities and road improvements. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. In addition, a portion of the amount Due to Developer is for Master District facilities. McKinney Municipal Utility District No. 2 of Collin County will reimburse the District for its pro-rata share of these Master District facilities via connection charges and the District will use these funds to reimburse the developer.

The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

Changes in the estimated amounts due to developer during the year are as follows:

Due to Developer, Beginning of Year	$ 40,233,521
Additions	5,987,043
Reimbursements	(6,319,837)
Due to Developer, End of Year	$ 39,900,727

NOTE 9. BUILDER CONTRIBUTION AGREEMENTS

In lieu of constructing, financing, operating and /or maintaining the improvements necessary to serve the lots purchased or contracted for by builders within the District, the builders have entered into agreements to make contributions to the District to assist in its purpose of designing, constructing, operating and maintaining road facilities and infrastructure. According to the phase of development within the District, the fee ranges from $1,000 to $4,000 per lot.

NOTE 10. FRANCHISE FEES

The District has granted Atmos Energy Corporation ("Atmos") consent to use public rights-of-way within the District, for the purpose of laying, maintaining, constructing, protecting, operating and replacing pipelines and equipment. Atmos agrees to pay quarterly installments to the District equivalent to 4% of the gross receipts from the sale of gas within the District. During the current year, the District collected $85,572 in franchise fees from Atmos. The District has granted Grayson-Collin Electric Cooperative, Inc. ("Grayson-Collin") a nonexclusive right to generate, supply, sell, distribute and furnish electrical power and energy to the District and its inhabitants by constructing, operating and maintaining an electrical transmission and distribution system. Grayson-Collin agrees to pay quarterly installments to the District equivalent to 2% of the gross receipts from electrical services to its customers within the District. During the current year, the District collected $86,028 in franchise fees from Grayson-Collin.

NOTE 11. TRANSFERS TO OTHER GOVERNMENTS

In accordance with an agreement between the District and the City of McKinney (the "City"), the District transfers all of its water, sewer and certain drainage facilities to the City (see Note 12). The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 12. AGREEMENTS WITH THE CITY OF MCKINNEY

Development Agreement

On May 17, 2021, the developer, on behalf of the District, entered into a development agreement with the City for construction and extension of water distribution lines, sanitary sewer collection systems and certain drainage facilities to serve the District and the Master District Service Area. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 15 years.

Water and sewer rates charged by the City to users in the District and the Master District Service Area, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

The City is obligated to pay the District the 25% of its portion ($0.01) of the sales and use taxes collected by the City on property within the District after deducting the costs of collection. The District has not yet received any revenues pursuant to this agreement.

The District agrees to pay the City an annual park fee equal to two cents ($0.02) per $100 valuation on land and improvements to supplement the City's park and recreational facilities. During the current fiscal year, the District paid $223,140 for the annual park fee.

Interlocal Agreement

On February 1, 2022, the District (in its capacity as a participating district) entered into an interlocal agreement with McKinney Municipal Utility District No. 2 of Collin County and the City, in which the districts agree to perform ongoing maintenance and executing capital expenditures for park facilities located within the districts. The City agrees to reimburse said maintenance and capital expenditures from the annual park fee under the development agreement (as discussed above). The term of the agreement is 20 years.

NOTE 13. AGREEMENTS WITH MCKINNEY MUNICIPAL DISTRICT NO. 2 OF COLLIN COUNTY

Master District Agreement

The District, in its capacity as "Master District", has entered into various contracts with the District (in its capacity as a participating district) and McKinney Municipal Utility District No. 2 of Collin County ("MUD 2") for the financing, operation, and maintenance of regional water, sewer, drainage, roads, and fire protection facilities (the "Master District Contract") to serve the Trinity Falls masterplanned community (the "Master District Service Area"). As discussed in Note 14, the Master District Contract was amended as a result of the Joint Facilities Agreement.

The District (in its capacity as a participating district) has the same rights and obligations as other participants and will levy taxes and issue bonds as needed to meet its contractual obligations to the Master District.

Capital Recovery Fees to Finance Cost of Construction

The District (in its Master District capacity) will finance the cost of the regional facilities in the Master District Service Area by imposing a capital recovery fee to participating districts, such fee will be calculated from time to time on the basis of the then estimated total cost of constructing the regional facilities minus the payments which have been previously received for connections purchased, and dividing the result by the number of estimated total connections to be constructed within the Master District Service Area minus the number of connections previously purchased from the Master District. The capital recovery fee will include separate components for the regional water system, regional sanitary sewer system, regional storm sewer system, regional road system and regional fire department station. The Master District may periodically recompute the capital recovery fee based on changes in various costs.

Fire Protection Facilities and Equipment

The District is part of a fire plan with MUD 2 and the City, pursuant to which the City owns, operates and maintains certain fire protection facilities and equipment, and employs and trains certain fire protection personnel to provide fire protection services to the District and MUD 2. During the current year, the District paid $926,394 to the City for firefighting services.

Note Receivable

On July 1, 2019, the District and MUD 2 entered into an agreement pursuant to which the District advanced $300,000 to MUD 2 to assist MUD 2 in financing their share of contributions owed to the City for fire protection. MUD 2 will pay interest of 5% annually and will reimburse the District in full three years from the date of agreement, with no penalty for early payment. This note receivable was paid during the current fiscal year.

NOTE 13. AGREEMENTS WITH MCKINNEY MUNICIPAL DISTRICT NO. 2 OF COLLIN COUNTY (Continued)

Fire Protection Facilities and Equipment (Continued)

On March 3, 2021, the District amended the agreement. Pursuant to the amendment, MUD 2 will pay zero percent interest through March 1, 2026. The remaining loan balance after March 1, 2026, will accrue interest at the Prime interest rate plus 4 percent.

Conveyance of Existing Facilities and Assignment of Contracts

On February 24, 2025, MUD 2 conveyed to the District, in its capacity as Master District, all roads and storm drainage facilities located within MUD 2 and assigned any contract rights and warranties related to the roads to the District.

NOTE 14. JOINT FACILITIES AGREEMENT

On March 29, 2023, the District and MUD 2 entered into a Joint Facilities Agreement for the funding of (1) certain expenses of the park and recreational facilities within the districts ("Joint Park Facilities Costs"), (2) certain expenses of the regional road facilities within the districts ("Joint Road Facilities Costs"), (3) certain expenses for providing peace officer and patrol services within the districts ("Joint Patrol Services Costs"), and (4) other general expenses (including, but not limited to, legal fees, engineering fees, auditor fees, and insurance) that jointly benefit both districts ("Joint General Costs"). Effective April 1, 2023, the Master District Contract is amended so that the Joint Facilities Agreement controls the payment of joint facilities costs related to parks, roads, patrol services, and general costs.

Joint Park Facilities Costs

The District and MUD 2 agree to pay for the operation and maintenance of Joint Park Facilities Costs based on the total number of active connections in each district. The total number of active connections will be determined on March 1, June 1, September 1, and December 1 of each year. Each district agrees that the capital portion of Joint Park Facilities Costs (including capital equipment and capital improvements) within the districts will be based on the estimated number of total connections in the District at full build-out. The estimated number of total connections in each district at full buildout will be determined March 1 and September 1 of each year. The allocation of costs will be adjusted accordingly and remain in effect until the next re-allocation date.

NOTE 14. JOINT FACILITIES AGREEMENT (Continued)

Joint Road Facilities Costs

The District and MUD 2 agree to pay for the operation and maintenance of Joint Road Facilities Costs based on the total number of active connections in each district. The total number of active connections will be determined on March 1, June 1, September 1, and December 1 of each year. Each district agrees that the capital portion of Joint Road Facilities Costs within the districts will be based on the estimated number of total connections in the District at full build-out. The estimated number of total connections in each district at full build-out will be determined March 1 and September 1 of each year. The allocation of costs will be adjusted accordingly and remain in effect until the next reallocation date.

Joint Patrol Services Costs

The District and MUD 2 agree to pay for Joint Patrol Services Costs based on the total number of active connections in each district. The total number of active connections will be determined on March 1, June 1, September 1, and December 1 of each year. The allocation of costs will be adjusted accordingly and remain in effect until the next re-allocation date.

Joint General Costs

The District and MUD 2 agree to pay for Joint General Costs based on the estimated number of total connections in the District at full build-out. The estimated number of total connections in each district at full build-out will be determined March 1 and September 1 of each year. The allocation of costs will be adjusted accordingly and remain in effect until the next re-allocation date.

The District will pay 100% of all joint facilities and related costs and bill MUD 2 monthly for its prorate share of costs as noted above. During the current year, the District recognized $677,912 in revenues for MUD 2's share of regional facilities costs and expenditures of $1,807,893 for the District's share of regional facilities costs, which includes $369,713 in capital outlay.

NOTE 15. RELATED PARTIES

During the previous fiscal year, the District employed Director Wilson as General Manager to oversee the maintenance and operation of the District's park system, handle sidewalk and street repairs, and interface with the City of McKinney and residents and supervise the Regional Manager.

Director salaries and retirement contributions paid by the District for the fiscal year ended March 31, 2026 are as follows:

Employee	Annual Salary	Paid During Fiscal Year	Retirement Contribution
Steve Wilson	$ 150,000	$ 115,057	$ 5,753

Subsequent to year end, on April 30, 2025, the District terminated Director Wilson's employment as General Manager.

NOTE 16. RETIREMENT PLAN

The District contributes to the McKinney Municipal Utility District Retirement Plan (the "Plan"), a defined contribution pension plan, for all full-time employees over the age of twenty-one. The plan is administered by third party, Lincoln Financial. Benefit terms, including contribution requirements, for the plan are established and may be amended by the Board of Directors. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. The District makes a matching contribution of up to 10% for each payroll period, exclusive of bonuses, to individual employee accounts for each participating employee. For the year ended March 31, 2026, the District recognized retirement contribution expenditures of $5,753.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees are 50% vested in District contributions after three year of creditable service and become full vested after five years. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to pay a portion of the Plan's administrative expenses. There were no forfeitures for the year ended March 31, 2026.

NOTE 17. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

NOTE 18. BOND SALE

On November 14, 2025, the District issued its $7,300,000 Unlimited Tax Road Bonds, Series 2025. Proceeds of the bond sale will be used to reimburse the Developer for the improvements and costs related to Trinity Falls PU 3 Mass Grading, Trinity Falls 1A, 1B, 2A and 2B Landscaping, inspection fees, and related engineering. In addition, a portion of the proceeds were used to pay developer interest and bond issuance costs.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2026

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,715,453	$ 1,674,252	$ 1,711,539	$ 37,287
Regional Facilities	593,181	593,181	977,912	384,731
Park Fee Reimbursement	221,754	221,754	160,413	(61,341)
Builder Contributions	160,000	160,000	129,000	(31,000)
Franchise Fees	180,000	180,000	171,600	(8,400)
Investment Revenues	200,000	200,000	155,919	(44,081)
Miscellaneous Revenues			7,288	7,288
TOTAL REVENUES	$ 3,070,388	$ 3,029,187	$ 3,313,671	$ 284,484
EXPENDITURES				
Operating and Administrative:				
Regional Facilities	$ 1,513,920	$ 1,513,920	$ 1,441,884	$ 72,036
Personnel	75,000	75,000	233,590	(158,590)
Professional Fees	185,000	185,000	232,307	(47,307)
Contracted Services	48,000	48,000	49,283	(1,283)
Repairs and Maintenance	147,500	147,500	94,030	53,470
Other	52,606	52,606	59,545	(6,939)
Intergovernmental:				
City Park Fee	250,000	250,000	223,140	26,860
Fire Service Fee	648,136	648,136	926,394	(278,258)
Capital Outlay			369,713	(369,713)
TOTAL EXPENDITURES	$ 2,920,162	$ 2,920,162	$ 3,629,886	$ (709,724)
NET CHANGE IN FUND BALANCE	$ 150,226	$ 109,025	$ (316,215)	$ (425,240)
FUND BALANCE - APRIL 1, 2025	4,156,146	4,156,146	4,156,146	
FUND BALANCE - MARCH 31, 2026	$ 4,306,372	$ 4,265,171	$ 3,839,931	$ (425,240)

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1 OF COLLIN COUNTY

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2026

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

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

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

X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
X	Other (specify):Water and wastewater services are provided by the City of McKinney

2. RETAIL SERVICE PROVIDERS (Not Applicable)

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No X

Does the District have Operation and Maintenance standby fees? Yes ___ No X

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No ____

County in which District is located:

Collin County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all X

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

Entirely X Partly ____ Not at all ____

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

5. LOCATION OF DISTRICT (Continued)**:**

ETJ in which District is located:

City of McKinney, Texas.

Are Board Members appointed by an office outside the District?

Yes ____ No X

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

REGIONAL FACILITIES	$	1,441,884
PERSONNEL EXPENDITURES	$	233,590
PROFESSIONAL FEES:		
Auditing	$	19,400
Engineering		95,681
Legal		117,226
TOTAL PROFESSIONAL FEES	$	232,307
CONTRACTED SERVICES:		
Bookkeeping	$	49,283
REPAIRS AND MAINTENANCE	$	94,030
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	18,692
Dues		2,720
Election Costs		474
Insurance		1,955
Office Supplies and Postage		179
Payroll Taxes		23,112
Travel and Meetings		2,484
Retirement Contribution		6,081
Other		3,848
TOTAL ADMINISTRATIVE EXPENDITURES	$	59,545
CITY PARK FEES	$	223,140
FIRE STATION OPERATIONS	$	926,394
CAPITAL OUTLAY	$	369,713
TOTAL EXPENDITURES	$	3,629,886

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
INVESTMENTS
MARCH 31, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 2,031,976	$
Texas CLASS	XXXX0006	Varies	Daily	291,260	
LOGIC	XXXX7003	Varies	Daily	884,304	
TOTAL GENERAL FUND				$ 3,207,540	$ - 0 -
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 5,153,029	$
Texas CLASS	XXXX0004	Varies	Daily	4,143,263	
TOTAL DEBT SERVICE FUND				$ 9,296,292	$ - 0 -
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0003	Varies	Daily	$ 10,245	$
Texas CLASS	XXXX0005	Varies	Daily	1,214	
TOTAL CAPITAL PROJECTS FUND				$ 11,459	$ - 0 -
TOTAL - ALL FUNDS				$ 12,515,291	$ - 0 -

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes		Debt Service Taxes		Road Debt Service Taxes	
TAXES RECEIVABLE - APRIL 1, 2025	$ 43,831		$ 115,429		$ 86,630	
Adjustments to Beginning Balance	(2,019)	$ 41,812	(5,255)	$ 110,174	(3,503)	$ 83,127
Original 2025 Tax Levy	$1,517,774		$4,031,299		$3,509,277	
Adjustment to 2025 Tax Levy	206,191	1,723,965	547,647	4,578,946	476,806	3,986,083
TOTAL TO BE ACCOUNTED FOR		$1,765,777		$4,689,120		$4,069,210
TAX COLLECTIONS:						
Prior Years	$ 39,259		$ 103,756		$ 78,871	
Current Year	1,672,280	1,711,539	4,441,666	4,545,422	3,866,580	3,945,451
TAXES RECEIVABLE - MARCH 31, 2026		$ 54,238		$ 143,698		$ 123,759
TAXES RECEIVABLE BY YEAR:						
2025		$ 51,685		$ 137,280		$ 119,503
2024		808		2,135		1,615
2023		825		1,670		1,492
2022		920		2,613		1,149
TOTAL		$ 54,238		$ 143,698		$ 123,759

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 299,144,296	$ 293,051,493	$ 280,574,221	$ 226,306,229
Improvements	864,513,388	863,142,706	871,956,479	686,522,848
Personal Property	10,632,848	8,129,185	6,661,848	7,168,960
Exemptions	(129,445,732)	(161,345,024)	(224,182,294)	(135,660,741)
TOTAL PROPERTY VALUATIONS	$ 1,044,844,800	$ 1,002,978,360	$ 935,010,254	$ 784,337,296
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.43825	$ 0.462500	$ 0.480000	$ 0.515
Road Debt Service	0.38150	0.350000	0.330000	0.280
Maintenance**	0.16500	0.175025	0.182525	0.224
TOTAL TAX RATES PER $100 VALUATION	$ 0.98475	$ 0.987525	$ 0.992525	$ 1.019
ADJUSTED TAX LEVY*	$ 10,288,994	$ 9,890,273	$ 9,280,210	$ 7,992,397
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.00 %	99.95 %	99.96 %	99.93 %

* 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 of assessed valuation approved by voters on May 21, 2014.

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2015 Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 285,000	$ 235,963	$ 520,963
2028	300,000	226,081	526,081
2029	315,000	215,122	530,122
2030	330,000	203,225	533,225
2031	350,000	190,475	540,475
2032	365,000	177,069	542,069
2033	385,000	163,006	548,006
2034	405,000	148,194	553,194
2035	430,000	132,000	562,000
2036	450,000	114,400	564,400
2037	475,000	95,900	570,900
2038	500,000	76,400	576,400
2039	525,000	55,900	580,900
2040	555,000	34,300	589,300
2041	580,000	11,600	591,600
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 6,250,000	$ 2,079,635	$ 8,329,635

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2016 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 210,000	$ 160,570	$ 370,570
2028	220,000	153,260	373,260
2029	230,000	145,495	375,495
2030	240,000	137,270	377,270
2031	250,000	128,570	378,570
2032	260,000	119,390	379,390
2033	275,000	109,623	384,623
2034	285,000	99,263	384,263
2035	295,000	88,385	383,385
2036	310,000	76,890	386,890
2037	325,000	64,500	389,500
2038	340,000	51,200	391,200
2039	355,000	37,300	392,300
2040	370,000	22,800	392,800
2041	385,000	7,700	392,700
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 4,350,000	$ 1,402,216	$ 5,752,216

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2017		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 460,000	$ 364,463	$ 824,463
2028	480,000	350,362	830,362
2029	500,000	335,663	835,663
2030	525,000	320,288	845,288
2031	545,000	302,875	847,875
2032	570,000	283,362	853,362
2033	595,000	262,975	857,975
2034	625,000	240,844	865,844
2035	650,000	216,937	866,937
2036	680,000	192,000	872,000
2037	710,000	165,938	875,938
2038	745,000	138,656	883,656
2039	780,000	110,063	890,063
2040	810,000	80,250	890,250
2041	850,000	49,125	899,125
2042	885,000	16,594	901,594
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 10,410,000	$ 3,430,395	$ 13,840,395

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2017A ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 50,000	$ 39,169	$ 89,169
2028	50,000	37,388	87,388
2029	55,000	35,746	90,746
2030	55,000	34,028	89,028
2031	60,000	32,156	92,156
2032	60,000	30,131	90,131
2033	65,000	28,022	93,022
2034	65,000	25,747	90,747
2035	70,000	23,300	93,300
2036	75,000	20,672	95,672
2037	75,000	17,906	92,906
2038	80,000	15,000	95,000
2039	85,000	11,906	96,906
2040	90,000	8,625	98,625
2041	90,000	5,250	95,250
2042	95,000	1,781	96,781
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 1,120,000	$ 366,827	$ 1,486,827

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2018		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 280,000	$ 225,656	$ 505,656
2028	290,000	217,106	507,106
2029	300,000	208,256	508,256
2030	315,000	199,031	514,031
2031	330,000	189,356	519,356
2032	340,000	179,094	519,094
2033	355,000	168,013	523,013
2034	370,000	156,000	526,000
2035	390,000	143,175	533,175
2036	405,000	129,506	534,506
2037	420,000	115,069	535,069
2038	440,000	99,744	539,744
2039	460,000	83,431	543,431
2040	475,000	66,484	541,484
2041	500,000	48,813	548,813
2042	520,000	30,000	550,000
2043	540,000	10,125	550,125
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 6,730,000	$ 2,268,859	$ 8,998,859

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2018 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 35,000	$ 28,819	$ 63,819
2028	35,000	27,331	62,331
2029	40,000	26,206	66,206
2030	40,000	25,006	65,006
2031	40,000	23,806	63,806
2032	45,000	22,447	67,447
2033	45,000	20,928	65,928
2034	45,000	19,409	64,409
2035	50,000	17,775	67,775
2036	50,000	16,025	66,025
2037	55,000	14,188	69,188
2038	55,000	12,263	67,263
2039	55,000	10,338	65,338
2040	60,000	8,250	68,250
2041	60,000	6,000	66,000
2042	65,000	3,656	68,656
2043	65,000	1,219	66,219
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 840,000	$ 283,666	$ 1,123,666

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2019		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 330,000	$ 242,944	$ 572,944
2028	340,000	235,613	575,613
2029	355,000	227,572	582,572
2030	370,000	218,731	588,731
2031	385,000	209,053	594,053
2032	400,000	198,500	598,500
2033	415,000	187,294	602,294
2034	430,000	175,406	605,406
2035	450,000	162,475	612,475
2036	470,000	148,675	618,675
2037	485,000	134,350	619,350
2038	505,000	119,500	624,500
2039	525,000	103,722	628,722
2040	545,000	87,003	632,003
2041	570,000	69,225	639,225
2042	590,000	50,375	640,375
2043	615,000	30,794	645,794
2044	640,000	10,400	650,400
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 8,420,000	$ 2,611,632	$ 11,031,632

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2020		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 210,000	$ 225,488	$ 435,488
2028	220,000	214,738	434,738
2029	230,000	203,488	433,488
2030	240,000	191,738	431,738
2031	250,000	179,488	429,488
2032	260,000	166,738	426,738
2033	270,000	156,188	426,188
2034	285,000	147,863	432,863
2035	295,000	139,163	434,163
2036	310,000	130,088	440,088
2037	320,000	120,638	440,638
2038	335,000	110,813	445,813
2039	350,000	100,100	450,100
2040	365,000	88,481	453,481
2041	380,000	76,375	456,375
2042	395,000	63,781	458,781
2043	415,000	50,619	465,619
2044	430,000	36,888	466,888
2045	450,000	22,588	472,588
2046	470,000	7,638	477,638
2047			
2048			
2049			
2050			
2051			
	$ 6,480,000	$ 2,432,901	$ 8,912,901

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2020 ROAD		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 30,000	$ 35,388	$ 65,388
2028	30,000	33,738	63,738
2029	35,000	31,950	66,950
2030	35,000	30,025	65,025
2031	35,000	28,275	63,275
2032	40,000	26,588	66,588
2033	40,000	24,788	64,788
2034	40,000	22,988	62,988
2035	45,000	21,075	66,075
2036	45,000	19,050	64,050
2037	45,000	17,306	62,306
2038	50,000	15,763	65,763
2039	50,000	14,138	64,138
2040	50,000	12,513	62,513
2041	55,000	10,806	65,806
2042	55,000	9,019	64,019
2043	60,000	7,150	67,150
2044	60,000	5,200	65,200
2045	65,000	3,169	68,169
2046	65,000	1,056	66,056
2047			
2048			
2049			
2050			
2051			
	$ 930,000	$ 369,985	$ 1,299,985

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2021		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 330,000	$ 186,962	$ 516,962
2028	340,000	178,612	518,612
2029	345,000	171,762	516,762
2030	355,000	164,762	519,762
2031	365,000	157,562	522,562
2032	375,000	150,162	525,162
2033	385,000	142,563	527,563
2034	395,000	134,763	529,763
2035	405,000	126,763	531,763
2036	410,000	118,613	528,613
2037	425,000	110,263	535,263
2038	435,000	101,663	536,663
2039	445,000	92,863	537,863
2040	455,000	83,863	538,863
2041	465,000	74,081	539,081
2042	480,000	63,450	543,450
2043	490,000	52,538	542,538
2044	505,000	41,344	546,344
2045	515,000	29,869	544,869
2046	530,000	18,113	548,113
2047	540,000	6,075	546,075
2048			
2049			
2050			
2051			
	$ 8,990,000	$ 2,206,646	$ 11,196,646

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2021 ROAD		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 315,000	$ 177,050	$ 492,050
2028	325,000	169,075	494,075
2029	330,000	162,525	492,525
2030	340,000	155,825	495,825
2031	350,000	148,925	498,925
2032	355,000	141,875	496,875
2033	365,000	134,675	499,675
2034	375,000	127,275	502,275
2035	385,000	119,675	504,675
2036	395,000	111,875	506,875
2037	405,000	103,875	508,875
2038	415,000	95,675	510,675
2039	425,000	87,275	512,275
2040	435,000	78,403	513,403
2041	445,000	69,053	514,053
2042	455,000	59,491	514,491
2043	465,000	49,716	514,716
2044	480,000	39,375	519,375
2045	490,000	28,463	518,463
2046	505,000	17,269	522,269
2047	515,000	5,793	520,793
2048			
2049			
2050			
2051			
	$ 8,570,000	$ 2,083,163	$ 10,653,163

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2022 Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 270,000	$ 463,138	$ 733,138
2028	285,000	449,263	734,263
2029	295,000	434,763	729,763
2030	310,000	419,638	729,638
2031	325,000	405,388	730,388
2032	345,000	391,988	736,988
2033	360,000	377,887	737,887
2034	380,000	363,087	743,087
2035	395,000	347,094	742,094
2036	415,000	329,881	744,881
2037	440,000	311,712	751,712
2038	460,000	292,012	752,012
2039	485,000	270,750	755,750
2040	505,000	248,475	753,475
2041	530,000	225,187	755,187
2042	560,000	200,662	760,662
2043	585,000	174,900	759,900
2044	615,000	147,131	762,131
2045	645,000	117,206	762,206
2046	680,000	85,737	765,737
2047	715,000	52,606	767,606
2048	750,000	17,812	767,812
2049			
2050			
2051			
	$ 10,350,000	$ 6,126,317	$ 16,476,317

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2022 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 560,000	$ 962,413	$ 1,522,413
2028	590,000	933,662	1,523,662
2029	615,000	903,537	1,518,537
2030	650,000	871,913	1,521,913
2031	680,000	842,063	1,522,063
2032	715,000	814,163	1,529,163
2033	750,000	784,863	1,534,863
2034	790,000	754,063	1,544,063
2035	825,000	720,731	1,545,731
2036	870,000	684,713	1,554,713
2037	910,000	646,887	1,556,887
2038	960,000	607,150	1,567,150
2039	1,005,000	564,137	1,569,137
2040	1,055,000	517,787	1,572,787
2041	1,110,000	469,075	1,579,075
2042	1,165,000	417,887	1,582,887
2043	1,220,000	364,225	1,584,225
2044	1,285,000	306,256	1,591,256
2045	1,345,000	243,793	1,588,793
2046	1,415,000	178,243	1,593,243
2047	1,485,000	109,369	1,594,369
2048	1,560,000	37,050	1,597,050
2049			
2050			
2051			
	$ 21,560,000	$ 12,733,980	$ 34,293,980

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2023 Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 120,000	$ 184,344	$ 304,344
2028	125,000	178,219	303,219
2029	130,000	171,844	301,844
2030	135,000	165,219	300,219
2031	140,000	158,344	298,344
2032	150,000	152,593	302,593
2033	155,000	147,922	302,922
2034	165,000	142,818	307,818
2035	170,000	137,268	307,268
2036	180,000	130,800	310,800
2037	185,000	123,500	308,500
2038	195,000	115,900	310,900
2039	205,000	107,900	312,900
2040	210,000	99,600	309,600
2041	220,000	91,000	311,000
2042	230,000	82,000	312,000
2043	240,000	72,600	312,600
2044	250,000	62,800	312,800
2045	265,000	52,500	317,500
2046	275,000	41,700	316,700
2047	290,000	30,400	320,400
2048	300,000	18,600	318,600
2049	315,000	6,300	321,300
2050			
2051			
	$ 4,650,000	$ 2,474,171	$ 7,124,171

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2023 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 185,000	$ 283,725	$ 468,725
2028	190,000	274,350	464,350
2029	200,000	264,600	464,600
2030	210,000	254,350	464,350
2031	220,000	243,600	463,600
2032	230,000	234,650	464,650
2033	240,000	227,450	467,450
2034	250,000	219,638	469,638
2035	260,000	211,187	471,187
2036	275,000	201,300	476,300
2037	285,000	190,100	475,100
2038	300,000	178,400	478,400
2039	310,000	166,200	476,200
2040	325,000	153,500	478,500
2041	340,000	140,200	480,200
2042	355,000	126,300	481,300
2043	370,000	111,800	481,800
2044	390,000	96,600	486,600
2045	405,000	80,700	485,700
2046	425,000	64,100	489,100
2047	445,000	46,700	491,700
2048	460,000	28,600	488,600
2049	485,000	9,700	494,700
2050			
2051			
	$ 7,155,000	$ 3,807,750	$ 10,962,750

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2023A ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 110,000	$ 191,575	$ 301,575
2028	120,000	185,825	305,825
2029	125,000	179,700	304,700
2030	130,000	173,325	303,325
2031	135,000	167,375	302,375
2032	145,000	161,775	306,775
2033	150,000	155,875	305,875
2034	160,000	149,675	309,675
2035	165,000	143,175	308,175
2036	175,000	136,375	311,375
2037	185,000	129,175	314,175
2038	190,000	121,675	311,675
2039	200,000	113,875	313,875
2040	210,000	105,675	315,675
2041	225,000	96,975	321,975
2042	235,000	87,775	322,775
2043	245,000	78,175	323,175
2044	255,000	68,175	323,175
2045	270,000	57,675	327,675
2046	285,000	46,219	331,219
2047	300,000	33,788	333,788
2048	315,000	20,719	335,719
2049	330,000	7,012	337,012
2050			
2051			
	$ 4,660,000	$ 2,611,588	$ 7,271,588

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2025 ROAD		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 125,000	$ 323,338	$ 448,338
2028	160,000	314,788	474,788
2029	170,000	304,888	474,888
2030	180,000	294,388	474,388
2031	185,000	283,438	468,438
2032	195,000	272,038	467,038
2033	205,000	260,038	465,038
2034	215,000	247,438	462,438
2035	225,000	236,488	461,488
2036	240,000	227,188	467,188
2037	250,000	217,388	467,388
2038	265,000	207,088	472,088
2039	275,000	196,288	471,288
2040	290,000	184,988	474,988
2041	305,000	173,088	478,088
2042	320,000	160,588	480,588
2043	335,000	147,278	482,278
2044	350,000	133,150	483,150
2045	370,000	118,300	488,300
2046	390,000	102,625	492,625
2047	405,000	86,228	491,228
2048	430,000	69,006	499,006
2049	450,000	50,575	500,575
2050	470,000	31,025	501,025
2051	495,000	10,511	505,511
	$ 7,300,000	$ 4,652,156	$ 11,952,156

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 3,905,000	$ 4,331,005	$ 8,236,005
2028	4,100,000	4,179,411	8,279,411
2029	4,270,000	4,023,117	8,293,117
2030	4,460,000	3,858,762	8,318,762
2031	4,645,000	3,690,749	8,335,749
2032	4,850,000	3,522,563	8,372,563
2033	5,055,000	3,352,110	8,407,110
2034	5,280,000	3,174,471	8,454,471
2035	5,505,000	2,986,666	8,491,666
2036	5,755,000	2,788,051	8,543,051
2037	5,995,000	2,578,695	8,573,695
2038	6,270,000	2,358,902	8,628,902
2039	6,535,000	2,126,186	8,661,186
2040	6,805,000	1,880,997	8,685,997
2041	7,110,000	1,623,553	8,733,553
2042	6,405,000	1,373,359	7,778,359
2043	5,645,000	1,151,139	6,796,139
2044	5,260,000	947,319	6,207,319
2045	4,820,000	754,263	5,574,263
2046	5,040,000	562,700	5,602,700
2047	4,695,000	370,959	5,065,959
2048	3,815,000	191,787	4,006,787
2049	1,580,000	73,587	1,653,587
2050	470,000	31,025	501,025
2051	495,000	10,511	505,511
	$ 118,765,000	$ 51,941,887	$ 170,706,887

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Description	Original Bonds Issued	Bonds Outstanding April 1, 2025
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2015	$ 8,070,000	$ 6,520,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2016	5,730,000	4,550,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2017	13,435,000	10,850,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2017A	1,450,000	1,170,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2018	8,380,000	6,995,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2018	1,045,000	875,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2019	10,140,000	8,735,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2020	7,420,000	6,685,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2020	1,065,000	960,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2021	10,230,000	9,310,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2021	9,750,000	8,875,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2022	11,035,000	10,605,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2022	22,990,000	22,095,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	March 31, 2026	Paying Agent
$	$ 270,000	$ 244,644	$ 6,250,000	Regions Bank Houston, TX
	200,000	167,440	4,350,000	Regions Bank Houston, TX
	440,000	377,962	10,410,000	Regions Bank Houston, TX
	50,000	41,169	1,120,000	Regions Bank Houston, TX
	265,000	237,144	6,730,000	Regions Bank Houston, TX
	35,000	30,744	840,000	Regions Bank Houston, TX
	315,000	249,797	8,420,000	Regions Bank Houston, TX
	205,000	235,862	6,480,000	Regions Bank Houston, TX
	30,000	37,037	930,000	Regions Bank Houston, TX
	320,000	196,712	8,990,000	Regions Bank Houston, TX
	305,000	186,350	8,570,000	Regions Bank Houston, TX
	255,000	476,263	10,350,000	Regions Bank Houston, TX
	535,000	989,787	21,560,000	Regions Bank Houston, TX

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Description	Original Bonds Issued	Bonds Outstanding April 1, 2025
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Bonds - Series 2023	$ 4,875,000	$ 4,765,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2023	7,500,000	7,330,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2023A	4,765,000	4,765,000
McKinney Municipal Utility District No. 1 of Collin County Unlimited Tax Road Bonds - Series 2025	7,300,000	
TOTAL	$ 135,180,000	$ 115,085,000

Bond Authority:	WSD Bonds	Fire Protection Bonds
Amount Authorized by Voters	$ 133,050,000	$ 10,240,000
Amount Issued	73,585,000	
Remaining to be Issued	$ 59,465,000	$ 10,240,000

Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2026:	$ 9,424,897
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 6,828,275

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2026	Paying Agent
$	$ 115,000	$ 190,219	$ 4,650,000	Regions Bank Houston, TX
	175,000	292,725	7,155,000	Regions Bank Houston, TX
	105,000	196,950	4,660,000	BOKF, NA Dallas, TX
7,300,000		97,218	7,300,000	BOKF, NA Dallas, TX
$ 7,300,000	$ 3,620,000	$ 4,248,023	$ 118,765,000	

Road Bonds	WSD Refunding Bonds	Fire Protection Refunding Bonds	Road Refunding Bonds
$ 145,000,000	$ 199,575,000	$ 15,360,000	$ 217,500,000
61,595,000			
$ 83,405,000	$ 199,575,000	$ 15,360,000	$ 217,500,000

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,711,539	$ 1,752,892	$ 1,700,031
Garbage service			126,546
Regional Facilities	977,912	522,248	396,234
Park Fee Reimbursement	160,413	513,035	
Builder Contributions	129,000		
Tap Connection and Inspection Fees			
Franchise Fees	171,600	198,888	162,316
Investment Revenues	155,919	196,479	196,235
Miscellaneous Revenues	7,288	3,912	
TOTAL REVENUES	$ 3,313,671	$ 3,187,454	$ 2,581,362
EXPENDITURES			
Operating and Administrative:			
Regional Facilities	$ 1,441,884	$ 1,511,534	$ 1,333,905
Personnel	233,590	105,000	134,169
Professional Fees	232,307	166,494	214,560
Contracted Services	49,283	39,466	45,674
Utilities		15,435	9,485
Repairs and Maintenance	94,030	33,533	44,893
Administrative			68,300
Other	59,545	67,929	
Intergovernmental:			
City Park Fee	223,140	221,754	225,740
Fire Service Fee	926,394	720,798	607,744
Master district fee			
Equipment			
Developer Reimbursements			
Capital Outlay	369,713	243,115	
Bond Issuance Costs			49,758
TOTAL EXPENDITURES	$ 3,629,886	$ 3,125,058	$ 2,734,228
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (316,215)	$ 62,396	$ (152,866)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$ (14,423)	$ 377,110
Builder Contributions			
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ (14,423)	$ 377,110
NET CHANGE IN FUND BALANCE	$ (316,215)	$ 47,973	$ 224,244
BEGINNING FUND BALANCE	4,156,146	4,108,173	3,883,929
ENDING FUND BALANCE	$ 3,839,931	$ 4,156,146	$ 4,108,173

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 1,759,290	$ 1,407,022	$ 51.7 %	55.0 %	65.9 %	81.5 %	50.0 %
114,374	73,499			4.9	5.3	2.6
		29.5	16.4	15.3		
		4.8	16.1			
		3.9				
	1,233,554					43.8
133,647	99,399	5.2	6.2	6.3	6.2	3.5
76,677	3,169	4.7	6.2	7.6	3.5	0.1
76,272		0.2	0.1		3.5	
$ 2,160,260	$ 2,816,643	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$	$	43.5 %	47.4 %	51.7 %	%	%
41,200	42,627	7.0	3.3	5.2	1.9	1.5
205,612	234,496	7.0	5.2	8.3	9.5	8.3
28,195	10,760	1.5	1.2	1.8	1.3	0.4
11,780			0.5	0.4	0.5	
66,241	29,357	2.8	1.1	1.7	3.1	1.0
32,980	49,134			2.6	1.5	1.7
	976	1.8	2.1			
180,660	124,016	6.7	7.0	8.7	8.4	4.4
1,535,678		28.0	22.6	23.5	71.1	
653,866	395,927				30.3	14.1
51,385	22,334				2.4	0.8
	1,168,480					41.5
		11.2	7.6			
				1.9		
$ 2,807,597	$ 2,078,107	109.5 %	98.0 %	105.8 %	130.0 %	73.7 %
$ (647,337)	$ 738,536	(9.5) %	2.0 %	(5.8) %	(30.0) %	26.3 %
$	$					
52,000	269,060					
$ 52,000	$ 269,060					
$ (595,337)	$ 1,007,596					
4,479,266	3,471,670					
$ 3,883,929	$ 4,479,266					

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 8,490,873	$ 8,127,606	$ 7,510,807
Penalty and Interest	37,069	40,080	46,394
Investment Revenues	267,157	317,006	271,514
Miscellaneous Revenues	234	401	1,948
TOTAL REVENUES	$ 8,795,333	$ 8,485,093	$ 7,830,663
EXPENDITURES			
Tax Collection Expenditures	$ 132,648	$ 127,243	$ 114,254
Debt Service Principal	3,620,000	3,375,000	2,815,000
Debt Service Interest and Fees	4,261,147	4,300,755	4,141,746
TOTAL EXPENDITURES	$ 8,013,795	$ 7,802,998	$ 7,071,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 781,538	$ 682,095	$ 759,663
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ - 0 -	$ 252,588
NET CHANGE IN FUND BALANCE	$ 781,538	$ 682,095	$ 1,012,251
BEGINNING FUND BALANCE	8,611,913	7,929,818	6,917,567
ENDING FUND BALANCE	$ 9,393,451	$ 8,611,913	$ 7,929,818
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 6,235,606	$ 4,747,494	96.6 %	95.8 %	95.9 %	97.8 %	99.2 %
42,835	31,796	0.4	0.5	0.6	0.7	0.7
91,138	3,683	3.0	3.7	3.5	1.4	0.1
5,124					0.1	
$ 6,374,703	$ 4,782,973	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 116,683	$ 84,614	1.5 %	1.5 %	1.5 %	1.8 %	1.8 %
2,165,000	1,525,000	41.2	39.8	35.9	34.0	31.9
2,714,030	2,115,749	48.4	50.7	52.9	42.6	44.2
$ 4,995,713	$ 3,725,363	91.1 %	92.0 %	90.3 %	78.4 %	77.9 %
$ 1,378,990	$ 1,057,610	8.9 %	8.0 %	9.7 %	21.6 %	22.1 %
$ 523,956	$ - 0 -					
$ 1,902,946	$ 1,057,610					
5,014,621	3,957,011					
$ 6,917,567	$ 5,014,621					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

District Mailing Address - McKinney Municipal Utility District No. 1
of Collin County
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Boulevard, Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended March 31, 2026	Expense reimbursements for the year ended March 31, 2026	Title
Steve Wilson	05/22 05/26 (Elected)	$ -0-	$ -0-	President/ Investment Officer
Kevin Lowry	05/22 05/26 (Elected)	$ 3,536	$ 1,180	Vice President
Jacqueline Jagger	05/24 05/28 (Elected)	$ 3,094	$ -0-	Secretary
Jeremy Dorenkamp	05/22 05/26 (Elected)	$ 7,200	$ 525	Treasurer/ Assistant Secretary
David Johnston	05/24 05/28 (Elected)	$ 4,862	$ -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.

Submission date of most recent District Registration Form: May 18, 2026

See accompanying independent auditor's report.

MCKINNEY MUNICIPAL UTILITY DISTRICT NO. 1
OF COLLIN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

	Date Hired	Fees for the year ended March 31, 2026	Title
Consultants:			
Sanford Kuhl Hagan Kugle Parker Kahn LLP	04/2012	$ 182,144 $ 186,802	General Counsel Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	10/3/24	$ 27,000 $ 10,000	Auditor Bond Related
Tovery Accounting Consultants, LLC (Formerly Dye & Tovery, LLC)	05/24/23	$ 67,347	Bookkeeper
Westwood Professional Services	03/13/25	$ 160,255	Engineer
R. W. Baird & Co. Incorporated	01/26/15	$ 154,323	Former Financial Advisor
Cedar Creek Municipal Advisors	04/30/26	$ -0-	Financial Advisor
Utility Tax Services, LLC	05/27/14	$ 38,039	Tax Assessor/ Collector
Ted A. Cox, PC	03/02/22	$ 11,383	Delinquent Tax
Key Personnel:			
Steve Wilson		Salary	Former General Manager

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

SPECIMEN

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

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

SPECIMEN