OFFICIAL STATEMENT DATED OCTOBER 19, 2026

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

The Bonds will NOT be designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

Moody's Investors Service, Inc. (Underlying)..... "Baa3"
S&P Global Ratings (BAM Insured)..... "AA"
See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING"

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

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

$15,100,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

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

Interest Accrues From: Date of Delivery

The $15,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are obligations of Tradition Municipal Utility District No. 2B of Denton County (the "District") and are not obligations of the State of Texas; Denton County, Texas (the "County"); the City of Fort Worth, Texas (the "City"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated November 1, 2026 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about November 17, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").**

The Road Bonds constitute the fifth (5) series of Unlimited Tax Road Bonds issued for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). The District has previously issued two (2) series of Utility Bonds for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System"). Voters of the District authorized the issuance of the following: $45,341,966 principal amount of Unlimited Tax Bonds for the purpose of acquiring or constructing the Utility System and for the purpose of refunding bonds issued by the District for the Utility System; and $75,992,255 principal amount of Unlimited Tax Road Bonds for the purpose of acquiring or constructing the Road System and for the purpose of refunding bonds issued by the District for the Road System. Following the issuance of the Bonds, $25,166,966 principal amount of Unlimited Tax Bonds for Utility System purposes and for the purpose of refunding bonds issued by the District for the Utility System; and $29,327,255 principal amount of Unlimited Tax Road Bonds for Road System purposes and for the purpose of refunding bonds issued by the District for the Road System will remain authorized but unissued. See "THE BONDS—Authority for Issuance."

Investment in the Bonds is subject to certain investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about November 17, 2026.

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

$15,100,000 Unlimited Tax Road Bonds, Series 2026

$5,255,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 89268F (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 89268F (b)
2028	$325,000	5.000%	3.850%	GA8	2034 (c)	$440,000	5.000%	4.500%	GG5
2029	340,000	5.000%	3.900%	GB6	2035 (c)	465,000	5.000%	4.550%	GH3
2030	360,000	5.000%	4.000%	GC4	2036 (c)	490,000	5.000%	4.650%	GJ9
2031	380,000	5.000%	4.100%	GD2	2037 (c)	515,000	5.000%	4.750%	GK6
2032	400,000	5.000%	4.250%	GE0	2038 (c)	545,000	5.000%	4.850%	GL4
2033 (c)	420,000	5.000%	4.350%	GF7	2039 (c)	575,000	5.000%	4.950%	GM2

$9,845,000 Term Bonds

$1,245,000 Term Bond due September 1, 2041 (c)(d) Interest Rate: 5.000% (Price: $100.00) (a) CUSIP No. 89268F GP5 (b)

$1,380,000 Term Bond due September 1, 2043 (c)(d) Interest Rate: 5.000% (Price: $98.651) (a) CUSIP No. 89268F GR1 (b)

$1,530,000 Term Bond due September 1, 2045 (c)(d) Interest Rate: 5.000% (Price: $97.846) (a) CUSIP No. 89268F GT7 (b)

$1,705,000 Term Bond due September 1, 2047 (c)(d) Interest Rate: 5.000% (Price: $96.974) (a) CUSIP No. 89268F GV2 (b)

$1,890,000 Term Bond due September 1, 2049 (c)(d) Interest Rate: 5.000% (Price: $96.050) (a) CUSIP No. 89268F GX8 (b)

$2,095,000 Term Bond due September 1, 2051 (c)(d) Interest Rate: 5.250% (Price: $97.554) (a) CUSIP No. 89268F GZ3 (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 call date.

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

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

(d) Subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

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

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APPENDIX A Financial Statements of the District

APPENDIX B 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 resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.319841% of the par value, which resulted in a net effective interest rate of 5.223983%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit

enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

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

Capitalization of BAM

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

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

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

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

Additional Information Available from BAM

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

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

MUNICIPAL BOND RATING

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

Moody's has assigned an underlying rating of "Baa3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that the rating will continue for any given time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The District is not aware of any rating assigned to the Bonds other than the rating of Moody's.

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Tradition Municipal Utility District No. 2B of Denton County (the "District"), a political subdivision of the State of Texas, is located in Denton County (the "County"), Texas within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City"). See "THE DISTRICT."
The Bonds	The District's $15,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"). The Bonds are dated November 1, 2026, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest accrues from the initial date of delivery (on or about November 17, 2026) (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	*Optional Redemption:* The Bonds maturing on or after September 1, 2033, are subject to redemption, in whole or from time to time in part, on November 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." *Mandatory Redemption:* The Bonds maturing on September 1 in the years 2041, 2043, 2045, 2047, 2049 and 2051 are "Term Bonds" and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the City; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The District has never defaulted on the debt service payments on its Outstanding Bonds (herein defined).
Authority for Issuance	The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8189 of the Texas Special District Local Laws Code; and an election held within the District on November 3, 2015. See "THE BONDS – Authority for Issuance."
Use of Bond Proceeds	Proceeds from sale of the Bonds will be used to reimburse the Developer, or its assignee (herein defined) for expenditures related to certain road improvements in the District as set out herein under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Proceeds of the Bonds will also be used to pay developer interest

	and to pay costs of issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of Bonds" for further information.
Not-Qualified Tax-Exempt Obligations	The Bonds will ***NOT*** be designated "qualified tax-exempt obligations" for financial institutions.
Outstanding Bonds	The District has previously issued the following series of unlimited tax bonds: $8,085,000 Unlimited Tax Road Bonds, Series 2023; $12,250,000 Unlimited Tax Bonds, Series 2023; $12,330,000 Unlimited Tax Road Bonds, Series 2023A; $7,925,000 Unlimited Tax Bonds, Series 2024; $3,620,000 Unlimited Tax Road Bonds, Series 2024; and $7,530,000 Unlimited Tax Road Bonds, Series 2025. As of delivery of the Bonds, $49,350,000 of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Municipal Bond Rating	Moody's Investors Service, Inc. ("Moody's") "Baa3" (underlying): S&P Global Ratings (BAM Insured): "AA." See "MUNICIPAL BOND RATING."
Bond Counsel	Allen Boone Humphries Robinson LLP, Dallas, Texas. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Irving, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description	The District was created as a result of the division of Tradition MUD No. 2 of Denton County which was created by Special Act of the 80th Texas Legislature under House Bill No. 3182, which passed and became effective September 1, 2007, as a municipal utility district. On January 12, 2016, the District was granted consent to operate within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City") pursuant to an Amended Creation and Operation Agreement with the City. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and Chapter 8189 of the Texas Special District Local Laws Code. The District is subject to the continuing supervision of the TCEQ. The District consists of approximately 662.91 total acres. See "THE DISTRICT."
Location	The District is located approximately 20 miles northwest of the City in Denton County, Texas. The District is located entirely within the extraterritorial jurisdiction of the City.
The Developer	*HT Development:* The land within the District was initially purchased by HT Hwy 114 Land LP ("HT Land"), a Texas limited partnership, created for the purpose of purchasing and holding land within the District. As of October 14, 2022, HT Land merged with HT Hwy 114 Development LP ("HT Development" or the "Original Developer"), a Texas limited partnership, as a single entity under HT Development. HT Development's general partner is HT Hwy 114 Development LLC, managed and controlled by Hines Interest LP.

Spur Wildflower: In April 2025, the Original Developer sold its interest in the project to Spur Wildflower Development LP, a Delaware limited partnership ("Spur Wildflower" or the "Developer"), which is the current primary developer of land in the District. The Developer is managed by Spur Wildflower Development GP, LLC, an affiliate of Starwood Land Advisors, LLC ("Starwood"). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District and within Tradition Municipal Utility District No. 1 ("Tradition MUD 1"), together the "Wildflower Districts". The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur. The Developer is a well-capitalized entity with a ~$200M loan for multiple projects across the DFW metroplex. The Developer is operating at a net profit within the Wildflower Districts. Spur Wildflower has entered into a management agreement with Axim Partners LP ("Axim"). for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines as development managers for the District. To date, the Developer has developed approximately 293.17 acres (882 lots) as Wildflower Ranch, Phases 1A, 1B, 1C, 2A, 2B, 2C and 3D.

In 2020 and 2022, the Original Developer sold two tracts of land (approximately 25 and 51 acres) to Toll Southwest LLC ("Toll Brothers") for the purpose of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. In 2023, the Original Developer sold three tracts of land approximately 26, 84, and 47 acres to PR III SFR Wildflower ("Single-Family Rental"), William Ryan Homes Texas, Inc. ("William Ryan") and Ashton Dallas Residential LLC ("Ashton Woods"), respectively, for the purposes of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. In 2023, the Original Developer sold two tracts of land approximately 74.2 and 49.2 acres to William Ryan and Ashton Woods, respectively, for the purposes of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. The Developer continues to own approximately 305 acres within the District.

Toll Brothers: Toll Brothers has developed approximately 25.45 acres (76 lots) as Wildflower Ranch, Phase 3A-1, approximately 29.11 acres (88 lots) as Wildflower Ranch, Phase 3A-2, approximately 21.71 acres (87 lots) as Wildflower Ranch, Phase 3B, and is currently developing approximately 43.02 acres (105 lots) as Wildflower Ranch, Phase 3D. Toll Brothers is and is expected to be the sole homebuilder within the phases developed by Toll Brothers. Axim has been engaged to manage development activities for Toll Brothers.

Single-Family Rental: PR III SFR Wildflower, an affiliated company of Starwood, purchased approximately 25.92 acres within the District and has developed (129 lots) as Wildflower Ranch, Phase 3C for use as single-family rental product. William Ryan is the sole

homebuilder within Wildflower Ranch, Phase 3C. Axim has been engaged to manage development activities for Single-Family Rental.

William Ryan: William Ryan is currently developing approximately 73.88 acres (198 lots) as Wildflower Ranch, Phase 8A. William Ryan Homes is expected to be the sole homebuilder within Wildflower Ranch, Phase 8A. Axim has been engaged to manage development activities for William Ryan.

Ashton Woods: Ashton Woods is currently developing approximately 47.76 acres (203 lots) as Wildflower Ranch, Phase 9A. Ashton Woods Homes is expected to be the sole homebuilder within Wildflower Ranch, Phase 9A. Axim has been engaged to manage development activities for Ashton Woods.

See "THE DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

Development within the District..... To date, approximately 517.00 acres within the District have been developed as 1,663 total single-family lots in the following residential subdivisions: Wildflower Ranch, Phase 1A, Phase 1B, Phase 1C, Phase 2A, Phase 2B, Phase 2C, Phase 3A-1, Phase 3A-2, Phase 3B, Phase 3C, Phase 3D, Phase 8A and Phase 9A. In addition, approximately 45.74 acres (163 lots) as Wildflower Ranch and Phase 8B; approximately 36.39 acres (140 lots) as Wildflower Ranch, Phase 9B are currently being developed. As of September 1, 2026, the District included approximately 1,120 completed homes (approximately 1,066 occupied, 42 unoccupied, and 12 model homes); approximately 41 homes under construction; and approximately 502 vacant developed lots. There are approximately 54.10 acres of undeveloped but developable land and approximately 9.68 acres of undevelopable land in the District. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Homebuilders within the District..... The active homebuilders in the District are Toll Brothers, Lennar Homes, Bloomfield Homes, Highland Homes, Brightland Homes, DR Horton, William Ryan Homes, Ashton Woods Homes, DR Horton and Beazer Homes. Prices of homes being constructed in the District range in price from approximately $303,999 – $810,719 and range in size from approximately 2,149 square-feet to 3,643 square-feet See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Taxable Assessed Valuation	$ 455,224,316	(a)
Estimate of Value as of September 1, 2026	$ 504,076,591	(b)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds)	$ 49,350,000	
The Bonds	$ 15,100,000	
Total	$ 64,450,000	
Estimated Overlapping Debt	$ 81,583,436	(c)
Total Direct and Estimated Overlapping Debt	$ 146,033,436	(c)
Direct Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	14.16 %	
As a percentage of the Estimate of Value as of September 1, 2026	12.79 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	32.08 %	
As a percentage of the Estimate of Value as of September 1, 2026	28.97 %	
Utility System Debt Service Fund Balance (as of September 21, 2026)	$ 570,993	(d)
Road System Debt Service Fund Balance (as of September 21, 2026)	$ 681,802	(e)
General Operating Fund Balance (as of September 21, 2026)	$ 916,867	
2026 Tax Rate		
Utility System Debt Service	$ 0.2700	
Road System Debt Service	$ 0.6450	
Maintenance and Operations	$ 0.1575	
Total	$ 1.0725	(f)
Average Annual Debt Service Requirement (2027-2051)	$ 4,185,844	(g)
Maximum Annual Debt Service Requirement (2047)	$ 4,699,163	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027-2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.97	
Based on the Estimate of Value as of September 1, 2026, at 95% Tax Collections	$ 0.88	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2047):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 1.09	
Based on the Estimate of Value as of September 1, 2026, at 95% Tax Collections	$ 0.99	

(a) As certified by the Denton Central Appraisal District ("Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES." Such value includes $3,930,473 of uncertified value, which is 80% of the Appraisal District's noticed value of the property values yet to be certified. See "TAX DATA" and "TAXING PROCEDURES."

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

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

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

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

(f) See "TAX DATA – Tax Rate Distribution" and "FIRE AND EMERGENCY SERVICES."

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

OFFICIAL STATEMENT

relating to

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

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

$15,100,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement of Tradition Municipal Utility District No. 2B of Denton County (the "District") is provided to furnish information with respect to the issuance by the District of its $15,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to a resolution adopted by the Board on the date of sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8189 of the Texas Special District Local Laws Code; and an election held within the District.

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

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

THE BONDS

General

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

The Bonds are dated November 1, 2026. The Bonds will mature on September 1 of the years and in the principal amounts, and will bear interest from the initial date of delivery (on or about November 17, 2026), at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable March 1, 2027, and semiannually thereafter on each September 1 and March 1 until maturity or redemption.

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

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

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

Book-Entry-Only System

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

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

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other

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

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

Redemption of the Bonds

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

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

Mandatory Redemption: The Bonds maturing on September 1 in the years 2041, 2043, 2045, 2047, 2049 and 2051 are term bonds (the "Term Bonds") and 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:

$1,245,000 Term Bonds Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 605,000
September 1, 2041 (Maturity)	$ 640,000

$1,380,000 Term Bonds Maturing on September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 670,000
September 1, 2043 (Maturity)	$ 710,000

$1,530,000 Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 745,000
September 1, 2045 (Maturity)	$ 785,000

$1,705,000 Term Bonds Maturing on September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2046	$ 830,000
September 1, 2047 (Maturity)	$ 875,000

$1,890,000 Term Bonds Maturing on September 1, 2049

Mandatory Redemption Date	Principal Amount
September 1, 2048	$ 920,000
September 1, 2049 (Maturity)	$ 970,000

$2,095,000 Term Bonds Maturing on September 1, 2051

Mandatory Redemption Date	Principal Amount
September 1, 2050	$ 1,020,000
September 1, 2051 (Maturity)	$ 1,075,000

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 thirty (30) 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.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Outstanding Bonds

The District has previously issued the following series of unlimited tax bonds: $8,085,000 Unlimited Tax Road Bonds, Series 2023; $12,250,000 Unlimited Tax Bonds, Series 2023; $12,330,000 Unlimited Tax Road Bonds, Series 2023A; $7,925,000 Unlimited Tax Bonds, Series 2024; $3,620,000 Unlimited Tax Road Bonds, Series 2024; and $7,530,000 Unlimited Tax Road Bonds, Series 2025. As of delivery of the Bonds, $49,350,000 of such previously issued bonds will remain outstanding (the "Outstanding Bonds").

Authority for Issuance

The Bonds are issued pursuant to the Bond Resolution; Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8189 of the Texas Special District Local Laws Code; and an election held within the District on November 3, 2015.

Source of Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal District. Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (defined below) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and additional bonds payable from taxes which may be issued for the Utility System.

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

Issuance of Additional Debt

At an election held on November 3, 2015, voters of the District authorized a total of $45,341,966 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the purpose of refunding such bonds; and $75,992,255 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the purpose of refunding such bonds.

The Bonds represent the fifth series of bonds issued by the District for the purpose of acquiring or constructing the Road System. The District has previously issued two series of bonds for the purpose of acquiring or constructing the Utility System. Following the issuance of the Bonds, $29,327,255 unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and for the purpose of refunding such bonds and $25,166,966 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System inside the boundaries of the District and for the purpose of refunding such bonds will remain authorized but unissued.

Following reimbursement with proceeds of the Bonds, the District will owe the Developer approximately $14,794,745.35 for construction of Utility System facilities on behalf of the District and $7,086,051.24 for construction of Road System facilities on behalf of the District based on the most recent information and estimations available to date.

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

Additional bonds may hereafter be approved by the voters of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

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

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

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
11/3/2015	Utility System & Refunding	$45,341,966	$20,175,000	$25,166,966
11/3/2015	Road System & Refunding	$75,992,255	$46,665,000 (a)	$29,327,255

(a) Includes the Bonds.

No Arbitrage

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City") the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

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

Consolidation

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

Funds

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

on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

In connection with the Outstanding Bonds for the Utility System, the District has previously created its Utility System Debt Service Fund (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the registered owners of the Outstanding Bonds issued for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Utility System. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

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

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Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for costs associated with certain improvements serving the District as set out below. Proceeds of the Bonds will also be used to pay developer interest and costs of issuance on the Bonds as described below.

CONSTRUCTION COSTS		Amount
A.	Developer Contribution Items	
1.	Tradition Phase 3A1 - Street Lights	$111,086
2.	Tradition Phase 3A2 - Utility	261,997
3.	Tradition Phase 3A2 - Paving	101,640
4.	Tradition Phase 3A2 - Street Lights	136,569
5.	Tradition Phase 3B - Utility	610,066
6.	Tradition Phase 3B - Paving	757,032
7.	Tradition Phase 3B - Grading	258,237
8.	Tradition Phase 3B - Street Lights	104,593
9.	Tradition Phase 3D - Grading	474,780
10.	Tradition Phase 3D - Paving	940,795
11.	Tradition Phase 3D - Utilities	293,813
12.	Tradition Phase 3D - Street Lights	128,276
13.	Tradition Phase 9B - Grading	133,230
14.	Engineering/Inspection/Testing/Erosion Control	218,564
	Subtotal Developer Contribution Items	*$4,530,679*
B.	District Items	
1.	Winding Meadows North - Utility	$1,385,784
2.	Winding Meadows North - Paving	1,771,594
3.	Winding Meadows North - Street Lights	208,816
4.	Winding Meadows South - Paving	794,824
5.	Winding Meadows South - Street Lights	93,602
6.	Sam Reynolds - Grading	494,357
7.	Sam Reynolds - Utility	737,738
8.	Sam Reynolds - Paving	2,502,001
9.	Sam Reynolds - Street Lights	388,788
	Subtotal District Items	*$8,377,504*
Total Construction Costs		$12,908,183
NON-CONSTRUCTION COSTS		
1.	Legal Fees	$341,500
2.	Financial Advisor Fees	282,750
3.	Bond Application Report	22,600
4.	Developer Interest Cost	1,011,456
5.	Bond Discount	404,704
6.	Attorney General Fee	9,500
7.	Bond Issuance Expenses	71,011
8.	Contingency (a)	48,296
Total Non-Construction Costs		$2,191,817
TOTAL BOND ISSUE REQUIREMENT		$15,100,000

(a) Represents the difference between actual and allotted Bond Discount.

The construction costs described above were compiled by the Engineer (hereinafter defined), based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or

estimates. In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof.

THE DISTRICT

General

The District, a political subdivision of the State of Texas, was created by Special Act of the 80th Texas Legislature under House Bill No. 3182 which passed and became effective September 1, 2007, as Tradition Municipal Utility District No. 2 of Denton County (the "Original District"). At an election held on May 9, 2015, voters of the Original District elected to divide the Original District into Tradition Municipal Utility District No. 2A of Denton County ("Tradition MUD No. 2A") and Tradition Municipal Utility District No. 2B of Denton County (the District).

Authority

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

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

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

Description

At the time of the creation, the Original District encompassed 1,922.8 acres. In May of 2015, the Original District was divided into two separate districts (defined above). After the separation, Tradition MUD No. 2A contained 1,259.89 acres and the District contained 662.91 acres. The District is located wholly within Denton County, Texas, and lies approximately twenty miles northwest of the City, and is situated entirely within the extraterritorial jurisdiction of the City.

Management of the District

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

Name	Title	Term Expires May
Michael Swaldi	President	2028
Stephanie White	Vice President	2028
Matthew Mildren	Secretary	2028
Taylor Baird	Assistant Secretary	2030
Traci Shannon Kilmer	Assistant Secretary	2030

Investment Policy

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

Consultants

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

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

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

Auditor: The District engaged Mark C. Eyring, CPA, PLLC to audit its financial statements for the fiscal year ended April 30, 2026. See "APPENDIX A" for a copy of the District's April 30, 2026, audited financial statements.

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

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

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

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

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DEVELOPMENT OF THE DISTRICT

To date, approximately 517.00 acres within the District have been developed as 1,663 total single-family lots in the following residential subdivisions: Wildflower Ranch, Phase 1A, Phase 1B, Phase 1C, Phase 2A, Phase 2B, Phase 2C, Phase 3A-1, Phase 3A-2, Phase 3B, Phase 3C, Phase 3D, Phase 8A and Phase 9A. In addition, approximately 45.74 acres (163 lots) as Wildflower Ranch and Phase 8B; approximately 36.39 acres (140 lots) as Wildflower Ranch, Phase 9B are currently being developed. As of September 1, 2026, the District included approximately 1,120 completed homes (approximately 1,066 occupied, 42 unoccupied, and 12 model homes); approximately 41 homes under construction; and approximately 502 vacant developed lots. There are approximately 54.10 acres of undeveloped but developable land and approximately 9.68 acres of undevelopable land in the District.

Status of Development within the District

The following is a summary of the status of construction of single-family housing within the District as of September 1, 2026:

Wildflower Ranch	Section Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots [a]
Phase 1A	67.48	47	47	–	–
Phase 1B	70.61	244	244	–	–
Phase 1C	23.41	122	122	–	–
Phase 2A	24.28	89	89	–	–
Phase 2B	23.76	120	120	–	–
Phase 2C	41.20	159	112	1	46
Phase 3A-1	25.45	76	70	6	–
Phase 3A-2	29.11	88	85	3	–
Phase 3B	21.71	87	44	12	31
Phase 3C	25.92	129	115	5	9
Phase 3D	42.43	101	–	–	101
Phase 8A	73.88	198	44	9	145
Phase 9A	47.76	203	28	5	170
Totals	517.00	1,663	1,120	41	502
Residential Under Development [b]	82.13				
Undevelopable	9.68				
Remaining Developable	54.10				
District Total	662.91				

(a) See "INVESTMENT CONSIDERATIONS – Vacant Developed Lots."
(b) Consists of Wildflower Ranch Phase 8B (approximately 163 lots on 45.74 acres) & Phase 9B (approximately 140 lots on 36.39 acres).

Homebuilders within the District

The active homebuilders in the District are Toll Brothers, Lennar Homes, Bloomfield Homes, Highland Homes, Brightland Homes, MHI Homes, William Ryan Homes, Ashton Woods Homes, DR Horton and Beazer Homes. Prices of homes being constructed in the District range in price from approximately $303,999 – $810,719 and range in size from approximately 2,149 square-feet to 3,643 square-feet.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2026)










PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2026)










THE DEVELOPER

Role of the Developer

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

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

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

The Developer

HT Development: The land within the District was initially purchased by HT Hwy 114 Land LP ("HT Land"), a Texas limited partnership, created for the purpose of purchasing and holding land within the District. As of October 14, 2022, HT Land merged with HT Hwy 114 Development LP ("HT Development" or the "Original Developer"), a Texas limited partnership, as a single entity under HT Development. HT Development's general partner is HT Hwy 114 Development LLC, managed and controlled by Hines Interest LP.

Spur Wildflower: In April 2025, the Original Developer sold its interest in the project to Spur Wildflower Development LP, a Delaware limited partnership ("Spur Wildflower" or the "Developer"), which is the current primary developer of land in the District. The Developer is managed by Spur Wildflower Development GP, LLC, an affiliate of Starwood Land Advisors, LLC ("Starwood"). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District and within Tradition Municipal Utility District No. 1 ("Tradition MUD 1"), together the "Wildflower Districts". The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur. The Developer is a well-capitalized entity with a ~$200M loan for multiple projects across the DFW metroplex. The Developer is operating at a net profit within the Wildflower Districts. Spur Wildflower has entered into a management agreement with Axim Partners LP ("Axim"). for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines as development managers for the District. To date, the Developer has developed approximately 293.17 acres (882 lots) as Wildflower Ranch, Phases 1A, 1B, 1C, 2A, 2B, 2C and 3D.

In 2020 and 2022, the Original Developer sold two tracts of land (approximately 25 and 51 acres) to Toll Southwest LLC ("Toll Brothers") for the purpose of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. In 2023, the Original Developer sold three tracts of land approximately 26, 84, and 47 acres to PR III SFR Wildflower ("Single-Family Rental"), William Ryan Homes Texas, Inc. ("William Ryan") and Ashton Dallas Residential LLC ("Ashton Woods"), respectively, for the purposes of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. In 2023, the Original Developer sold two tracts of land approximately 74.2 and 49.2 acres to William Ryan and Ashton Woods, respectively, for the purposes of developing certain phases within the District; however, the Original Developer retained the right to reimbursement of such phases. The Developer continues to own approximately 305 acres within the District.

Toll Brothers: Toll Brothers has developed approximately 25.45 acres (76 lots) as Wildflower Ranch, Phase 3A-1, approximately 29.11 acres (88 lots) as Wildflower Ranch, Phase 3A-2, approximately 21.71 acres (87 lots) as Wildflower Ranch, Phase 3B, and is currently developing approximately 43.02 acres (105 lots) as Wildflower Ranch, Phase 3D. Toll Brothers is and is expected to be the sole homebuilder within the phases developed by Toll Brothers. Axim has been engaged to manage development activities for Toll Brothers.

Single-Family Rental: PR III SFR Wildflower, an affiliated company of Hines Interest LP, purchased approximately 25.92 acres within the District and has developed (129 lots) as Wildflower Ranch, Phase 3C for use as single-family rental product. William Ryan is the sole homebuilder within Wildflower Ranch, Phase 3C. Axim has been engaged to manage development activities for Single-Family Rental.

William Ryan: William Ryan is currently developing approximately 73.88 acres (198 lots) as Wildflower Ranch, Phase 8A. William Ryan Homes is expected to be the sole homebuilder within Wildflower Ranch, Phase 8A. Axim has been engaged to manage development activities for William Ryan.

Ashton Woods: Ashton Woods is currently developing approximately 47.76 acres (203 lots) as Wildflower Ranch, Phase 9A. Ashton Woods Homes is expected to be the sole homebuilder within Wildflower Ranch, Phase 9A. Axim has been engaged to manage development activities for Ashton Woods.

Development Financing

The Developer obtained financing for a portion of the development of Wildflower Ranch through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $77,768,855.85 National Finance Authority Special Revenue Capital Appreciation Bonds (The Wildflower Project, Denton County, Texas Municipal Utility Districts), Series 2025 (the "Launch Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the future sale of unlimited tax bonds issued by the District, including the Bonds. According to the Developer, they are currently in compliance with all material representations and certifications made with respect to the Launch Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "INVESTMENT CONSIDERATIONS – Approval of the Bonds."

Lot-Sales Contracts

The Developer has entered into lot-sales contracts with each of Toll Brothers, Lennar Homes, Bloomfield Homes, Highland Homes, Brightland Homes, DR Horton, William Ryan Homes, Ashton Woods Homes, and Beazer Homes. The contracts for the sale of lots with the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. Generally, a developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

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According to the Developer, each of the builders is in compliance with their respective lot-sales contracts. As of September 1, 2026, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
Toll Brothers	251	251
Lennar Homes	61	61
Brightland Homes	207	207
Bloomfield Homes	273	273
Beazer Homes	98	98
Highland Homes	272	272
William Ryan Homes	197	197
DR Horton	101	101
Ashton Woods Homes	203	203
Totals	1,663	1,663

THE SYSTEM

Regulation

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

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

- Water Supply -

The District is located within the City's CCN No. 12311 issued by the Public Utility Commission of Texas to provide retail water service. The City provides retail water service to the District in accordance with the terms of the Development Agreement (dated February 3, 2016) (the "Agreement") and a subsequently issued service letter agreement from the City confirming that it will serve the District. Under the Agreement, the City agrees to provide sufficient water supply to serve the full development within the District and to own and maintain all public infrastructure necessary to provide such water supply. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for water service in an amount equal to a monthly service charge for 5/8-inch x 3/4-inch meter of $15.13, plus water volume rates of the following;

First 6 CCF	$2.84/CCF
>6 to 18 CCF	$3.98/CCF
>18 to 30 CCF	$5.09/CCF
>30 CCF	$6.19/CCF

Rates are per 100 cubic feet or CCF. One CCF equals 748.1 gallons.

The City may also charge a connection fee ($1,981 per connection) provided such fee is uniformly charged to other customers in the City's corporate limits in the same customer class.

- Wastewater Treatment -

The District is located within the City's service area for wastewater treatment service. Under the Agreement, the City agrees to provide wastewater treatment to serve full development within the District and will own and maintain all infrastructure that is necessary to provide such services. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for wastewater service an amount equal to a monthly service charge for 5/8-inch x 3/4-inch meter of $8.94, plus wastewater volume rate of the following;

Residential	$5.24/CCF

Rates are per 100 cubic feet or CCF. One CCF equals 748.1 gallons.

The City may also charge a connection fee ($1,796 per connection) provided such fee is uniformly charged to other customers in the City's corporate limits in the same customer class.

- Drainage -

The drainage of the entire District is distributed through a storm sewer system consisting of inlets and storm sewer piping which outfalls to a tributary of Harriet Creek.

The District has executed a "Storm Water Facilities Maintenance Agreement" with the City for maintenance of storm water improvements.

- Roads -

The residential sections that have been developed in the District to date are served by certain segments of Winding Meadows Drive that are designated as collector roadway on the thoroughfare plan of the City. The internal subdivision streets of the developed sections in the District direct residents to Winding Meadows Drive. The design and construction of all roadways and associated improvements within the District are subject to the specifications and terms of the Agreement.

100 Year Flood Plain

According to the Federal Emergency Management Agency Map Panel No. 48121C0490G dated April 18, 2011, approximately 39.50 acres within the District are located in the 100-year flood plain. Such acreage is not considered to be developable and no development within the District is expected to occur within the 100 year flood plain.

FIRE AND EMERGENCY SERVICES

The District does not currently provide or contract for fire protection ("Fire") or emergency medical services ("EMS"). The District has been advised that Denton County will no longer provide Fire and EMS services after 2027 unless the District enters into an interlocal agreement with Denton County and provides funding for such services. The terms and conditions for Fire and EMS services from Denton County are subject to ongoing negotiation and the approval of the District and Denton County. The District estimates annual funding obligations to provide fire services of approximately $0.10 per $100 of assessed value, which the District anticipates paying through a tax levy following TCEQ approval of a fire plan. In 2025, the District tax rate was $1.00 per $100 of assessed value. In 2026, the District raised its necessary maintenance tax rate by $0.0725 to accommodate the anticipated annual tax levy for Fire and EMS services, which resulted in a total tax levy of $1.0725 per $100 of assessed value. See "TAX DATA – Tax Rate Distribution." Once an agreement is reached with Denton County, the District anticipates that it will file an application with the TCEQ for the approval of a fire plan.

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Historical Operations of the System

The following is a summary of the District's operating fund. The figures for the fiscal years ending April 30 in the years 2022 through 2026, were obtained from the District's annual financial report, reference to which is hereby made. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ending April 30,				
	2026	2025	2024	2023	2022
REVENUES:					
Property Taxes	$ 371,749	$ 341,490	$ 249,544	$ 572,443	$ 218,775
Penalty	26,167	4,260	–	12,292	42
Interest On Deposits	41,235	42,031	18,856	1,319	11
TOTAL REVENUES	$ 439,151	$ 387,781	$ 268,400	$ 586,054	$ 218,828
EXPENDITURES:					
Professional Fees	$ 254,314	$ 117,472	$ 93,516	$ 87,891	$ 32,520
Contract Services	75,628	50,642	25,708	7,195	3,218
Repairs & Maintenance	57,087	5,301	–	700	–
Utilities	5,390	4,495	4,110	2,216	–
Administrative Expenditures	33,473	36,257	17,170	10,035	9,511
Capital Outlay	–	–	–	–	–
TOTAL EXPENDITURES	$ 425,892	$ 214,167	$ 140,504	$ 108,037	$ 45,249
Excess (Deficiency) of Revenues Over Expenditures	$ 13,259	$ 173,614	$ 127,896	$ 478,017	$ 173,579
OTHER FINANCING SOURCES:					
Developer Advances	$ –	$ –	$ –	$ –	$ 46,497
Transfer	$ 21,741	$ –	$ –	$ –	$ –
Beginning Fund Balance	$ 990,165	$ 816,551	$ 688,655	$ 210,638	$ (9,438)
Ending Fund Balance	$ 1,025,165	$ 990,165	$ 816,551	$ 688,655	$ 210,638

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DISTRICT DEBT
(UNAUDITED)

2026 Taxable Assessed Valuation	$ 455,224,316	(a)
Estimate of Value as of September 1, 2026	$ 504,076,591	(b)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds)	$ 49,350,000	
The Bonds	$ 15,100,000	
Total	$ 64,450,000	
Estimated Overlapping Debt	$ 81,583,436	(c)
Total Direct and Estimated Overlapping Debt	$ 146,033,436	(c)
Direct Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	14.16 %	
As a percentage of the Estimate of Value as of September 1, 2026	12.79 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	32.08 %	
As a percentage of the Estimate of Value as of September 1, 2026	28.97 %	
Utility System Debt Service Fund Balance (as of September 21, 2026)	$ 570,993	(d)
Road System Debt Service Fund Balance (as of September 21, 2026)	$ 681,802	(e)
General Operating Fund Balance (as of September 21, 2026)	$ 916,867	
2026 Tax Rate		
Utility System Debt Service	$ 0.2700	
Road System Debt Service	$ 0.6450	
Maintenance and Operations	$ 0.1575	
Total	$ 1.0725	(f)
Average Annual Debt Service Requirement (2027-2051)	$ 4,185,844	(g)
Maximum Annual Debt Service Requirement (2047)	$ 4,699,163	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027-2051):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 0.97	
Based on the Estimate of Value as of September 1, 2026, at 95% Tax Collections	$ 0.88	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2047):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$ 1.09	
Based on the Estimate of Value as of September 1, 2026, at 95% Tax Collections	$ 0.99	

(a) As certified by the Denton Central Appraisal District ("Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES." Such value includes $3,930,473 of uncertified value, which is 80% of the Appraisal District's noticed value of the property values yet to be certified. See "TAX DATA" and "TAXING PROCEDURES."

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

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

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

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

(f) See "TAX DATA – Tax Rate Distribution" and "FIRE AND EMERGENCY SERVICES."

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

Debt Service Requirement Schedule

The following schedule sets forth the total debt service requirements of the District as of the delivery of the Bonds, plus 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	$ 3,515,219	$ –	$ 599,743	$ 599,743	$ 4,114,962
2028	3,495,544	325,000	760,238	1,085,238	4,580,781
2029	3,473,144	340,000	743,988	1,083,988	4,557,131
2030	3,454,256	360,000	726,988	1,086,988	4,541,244
2031	3,442,406	380,000	708,988	1,088,988	4,531,394
2032	3,453,406	400,000	689,988	1,089,988	4,543,394
2033	3,457,356	420,000	669,988	1,089,988	4,547,344
2034	3,458,131	440,000	648,988	1,088,988	4,547,119
2035	3,463,856	465,000	626,988	1,091,988	4,555,844
2036	3,486,331	490,000	603,738	1,093,738	4,580,069
2037	3,488,556	515,000	579,238	1,094,238	4,582,794
2038	3,506,631	545,000	553,488	1,098,488	4,605,119
2039	3,510,350	575,000	526,238	1,101,238	4,611,588
2040	3,509,044	605,000	497,488	1,102,488	4,611,531
2041	3,518,731	640,000	467,238	1,107,238	4,625,969
2042	3,533,356	670,000	435,238	1,105,238	4,638,594
2043	3,532,919	710,000	401,738	1,111,738	4,644,656
2044	3,552,363	745,000	366,238	1,111,238	4,663,600
2045	3,561,088	785,000	328,988	1,113,988	4,675,075
2046	3,563,775	830,000	289,738	1,119,738	4,683,513
2047	3,575,925	875,000	248,238	1,123,238	4,699,163
2048	2,179,850	920,000	204,488	1,124,488	3,304,338
2049	1,288,475	970,000	158,488	1,128,488	2,416,963
2050	522,500	1,020,000	109,988	1,129,988	1,652,488
2051	–	1,075,000	56,438	1,131,438	1,131,438
Total	$ 77,543,213	$ 15,100,000	$12,002,893	$ 27,102,893	$104,646,105

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2051) ..... $ 4,185,844

Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2047) ..... $ 4,699,163

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Direct and Estimated Overlapping Debt Statement

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

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	July 31, 2026	Percent	Amount
Denton County	$700,610,000	0.21%	$1,477,926
Northwest Independent School District	2,937,845,000	2.73%	80,105,510
Total Estimated Overlapping Debt			81,583,436
The District (a)			64,450,000
Total Direct & Estimated Overlapping Debt			146,033,436

(a) Includes the Bonds and Outstanding Bonds.

Debt Ratios

Ratios of Direct Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	14.16 %
As a percentage of the Estimate of Value as of September 1, 2026	12.79 %
Ratios of Direct and Estimated Overlapping Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	32.08 %
As a percentage of the Estimate of Value as of September 1, 2026	28.97 %

(a) Includes the Bonds and Outstanding Bonds.

TAXING PROCEDURES

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

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System, the Road System, and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is further authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes

for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

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

Valuation of Property for Taxation

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

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

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A

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

Tax Abatement

Denton County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Denton County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Denton County has not designated any of the area within the District as a reinvestment zone.

Reappraisal of Property after Disaster

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

Tax Payment Installments After Disaster

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such

property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land.

Notice and Hearing Procedures

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of

each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien, however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds and Outstanding Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds and Outstanding Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.20 per $100 of assessed valuation, for operation and maintenance purposes. The District levied a total tax of $1.0725 per $100 of assessed valuation for the 2026 tax year composed of a maintenance and operations tax rate of $0.1575, a Utility System debt service tax rate of $0.27, and a Road System debt service tax rate of $0.645. See "FIRE AND EMERGENCY SERVICES."

Tax Rate Limitation

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

Maintenance Taxes

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

Additional Penalties

The Tax Assessor/Collector has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of fifteen percent (15%) of the tax to defray the costs of collection. This fifteen percent (15%) penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Property Tax Code.

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 7/31/26
2022	55,904,036	$1.0000	$559,040	99.21%	2023	100.00%
2023	166,329,529	1.0000	1,663,295	99.60%	2024	99.95%
2024	280,425,809	1.0000	2,804,258	99.95%	2025	99.99%
2025	345,084,840	1.0000	3,450,848	99.70%	2026	99.70%
2026	455,224,316	1.0725	4,882,281	(a)	2027	(a)

(a) In process of collection.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Utility System Debt Service	$0.2700	$0.3600	$0.4000	$0.5400	–
Road System Debt Service	0.6450	0.5500	0.5100	0.3100	–
Maintenance and Operations	0.1575 (a)	0.0900	0.0900	0.1500	$1.0000
Total	$1.0725	$1.0000	$1.0000	$1.0000	$1.0000

(a) Includes $0.10 for Fire and EMS Services. See "FIRE AND EMERGENCY SERVICES."

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2022–2026 tax rolls as certified by the Appraisal District.

Type of Property	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation
Land	$159,416,026	$120,000,392	$101,829,080	$83,131,865	$66,362,276
Improvements	336,024,318	250,439,794	203,086,068	103,389,575	4,137,478
Personal Property	38,277,436	3,016,700	729,298	225,806	34,833
Exemptions	(78,493,464)	(28,372,046)	(25,218,637)	(20,417,717)	(14,630,551)
Total	$455,224,316	$345,084,840	$280,425,809	$166,329,529	$55,904,036

Principal Taxpayers

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

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
PR III SFR Wildflower Ranch (a)	Land & Improvements	$ 23,534,254	5.17%
Wawild LLC (b)	Land	12,361,261	2.72%
William Ryan Homes Texas Inc. (c)	Land & Improvements	10,594,657	2.33%
Brookfield Holdings (Wildflower) LLC (b)	Land	7,828,221	1.72%
Spur Wildflower Development LP (b)	Land & Improvements	5,075,712	1.11%
Ashton Dallas Residential LLC (c)	Land & Improvements	4,946,774	1.09%
Spur Wildflower Land LP (b)	Land	4,359,357	0.96%
Toll Southwest LLC (c)	Land & Improvements	4,115,255	0.90%
Rockwell TX LLC	Land & Improvements	3,179,422	0.70%
Beazer Homes Texas LP (c)	Land & Improvements	2,106,827	0.46%
Total		$ 78,101,740	17.16%

(a) See "INVESTMENT CONSIDERATIONS – Rental Homes."
(b) See "THE DEVELOPER." Wawild, LLC serves as the land bank for William Ryan Homes and Brookfield Holdings LLC serves as the land bank for Ashton Woods Homes.
(c) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds, if no growth in the District's tax base occurs beyond the 2026 Taxable Assessed Valuation ($455,224,316) or the Estimate of Value as of September 1, 2026 ($504,076,591). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027-2051) $4,185,844
Debt Service Tax Rate of $0.97 on the 2026 Taxable Assessed Valuation produces $4,194,892
Debt Service Tax Rate of $0.88 on the Estimate of Value as of September 1, 2026, produces $4,214,080

Maximum Annual Debt Service Requirement (2047) $4,699,163
Debt Service Tax Rate of $1.09 on the 2026 Taxable Assessed Valuation produces $4,713,848
Debt Service Tax Rate of $0.99 on the Estimate of Value as of September 1, 2026, produces $4,740,840

Estimated Overlapping Taxes

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

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

Taxing Jurisdiction	2026 Tax Rate
The District	$1.072500
Denton County	$0.183394
Northwest Independent School District	$1.063800
Total Tax Rate	$2.319694

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

***Economic Factors*:** The rate of development within the District is directly related to the vitality of the residential, commercial, retail and multi-family housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction

costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT OF THE DISTRICT" herein.

***Developer*:** There is no commitment by, or legal requirement of the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

***Dependence on Principal Taxpayers*:** The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2026 tax year, the District's principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 17.16% of the District's total taxable assessed valuation as of original certification of the 2026 appraisal rolls. In the event that the Developer, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds and the Outstanding Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Rental Homes: Approximately 129 homes have been developed on approximately 25.92 acres within Wildflower, Phase 3C as rental properties. PR III SFR Wildflower Ranch, an affiliated company of Starwood, is the current owner of the rental properties. Any subsequent owner of the rental properties will be responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards. It is anticipated that PR III SFR Wildflower Ranch will continue to be a top taxpayer in the District in future years.

***Maximum Impact on District Tax Rates*:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Taxable Assessed Valuation of all taxable property located within the District is $455,224,316 and the Estimate of Value as of September 1, 2026, is $504,076,591. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds (2047) is $4,699,163, and the average annual debt service requirement on the Bonds and the Outstanding Bonds (2027-2051) is $4,185,844. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, combined debt service tax rates of $1.09 and $0.97 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of September 1, 2026, combined debt service tax rates of $0.99 and $0.88 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2026 tax year, the District levied a total tax of $1.0725 per $100 of assessed valuation composed of a maintenance and operations tax rate of $0.1575, a Utility System debt service tax rate of $0.27, and a Road System debt service tax rate of $0.645. See "FIRE AND EMERGENCY SERVICES."

***Competitive Nature of Residential Housing Market*:** The residential housing industry in the Dallas-Fort Worth, Texas, area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building

or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

***Vacant Developed Lots*:** As of September 1, 2026, approximately 502 developed lots within the District remained available for construction. Failure of the Developer and/or homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by homebuilders. The District makes no representation that the lot sales and building program will be successful.

Increase in Costs of Building Materials

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

Tax Collection Limitations

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Following the issuance of the Bonds, $25,166,966 unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") and for the purpose of refunding such bonds; $29,327,255 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") and for the purpose of refunding such bonds will remain authorized but unissued.

Following reimbursement with proceeds of the Bonds, the District will owe the Developer approximately $14,794,745.35 for construction of Utility System facilities on behalf of the District and $7,086,051.24 for construction of Road System facilities on behalf of the District based on the most recent information and estimations available to date.

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

Additional bonds may hereafter be approved by the voters of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Environmental Regulations

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

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

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

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

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

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

Potential Impact of Natural Disaster

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

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

Cybersecurity

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

Bond Insurance Risk Factors

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

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

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Bond Policy, the Bonds are payable solely from the moneys received pursuant to the applicable

bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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

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

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.

LEGAL MATTERS

Legal Opinions

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

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's

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

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions**.**

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except for "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A" – Financial Statements of the District. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2027. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolutions makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete

presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

The District has complied in all material respects with its prior continuing disclosure agreements in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended April 30, 2026, were prepared by Mark C. Eyring, CPA, PLLC, and have been included herein as "APPENDIX A." Mark C. Eyring, CPA, PLLC, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

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

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

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements

and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

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

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

/s/ Michael Swaldi
President, Board of Directors
Tradition Municipal Utility District No. 2B of Denton County

ATTEST:

/s/ Matthew Mildren
Secretary, Board of Directors
Tradition Municipal Utility District No. 2B of Denton County

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

TRADITION MUNICIPAL UTILITY

DISTRICT NO. 2B OF DENTON COUNTY

DENTON COUNTY, TEXAS

ANNUAL AUDIT REPORT

APRIL 30, 2026

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Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

August 17, 2026

INDEPENDENT AUDITOR'S REPORT

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

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tradition Municipal Utility District No. 2B of Denton County as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise Tradition Municipal Utility District No. 2B of Denton County's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tradition Municipal Utility District No. 2B of Denton County, as of April 30, 2026, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Tradition Municipal Utility District No. 2B of Denton County, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Tradition Municipal Utility District No. 2B of Denton County'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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Tradition Municipal Utility District No. 2B's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tradition Municipal Utility District No. 2B's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tradition Municipal Utility District No. 2B of Denton County's basic financial statements. The supplementary information on Pages 22 to 41 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.



Management's Discussion and Analysis

Using this Annual Report

Within this section of the Tradition Municipal Utility District No. 2B of Denton County (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2026.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's' activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2026	2025	Change
Current and other assets	$ 5,218,490	$ 4,667,467	$ 551,023
Capital assets	61,612,487	63,590,658	(1,978,171)
Total assets	66,830,977	68,258,125	(1,427,148)
Long-term liabilities	85,595,550	86,971,707	(1,376,157)
Other liabilities	1,416,011	1,137,879	278,132
Total liabilities	87,011,561	88,109,586	(1,098,025)
Net position:			
Invested in capital assets, net of related debt	(24,869,935)	(23,959,614)	(910,321)
Restricted	3,784,804	3,187,706	597,098
Unrestricted	904,547	920,447	(15,900)
Total net position	$ (20,180,584)	$ (19,851,461)	$ (329,123)

Summary of Changes in Net Position

	2026	2025	Change
Revenues:			
Property taxes, including related penalty and interest	$ 3,487,512	$ 3,014,181	$ 473,331
Other revenues	202,310	175,692	26,618
Total revenues	3,689,822	3,189,873	499,949
Expenses:			
Service operations	1,461,585	7,510,604	(6,049,019)
Debt service	2,557,360	2,555,791	1,569
Total expenses	4,018,945	10,066,395	(6,047,450)
Change in net position	(329,123)	(6,876,522)	6,547,399
Net position, beginning of year	(19,851,461)	(12,974,939)	(6,876,522)
Net position, end of year	$ (20,180,584)	$ (19,851,461)	$ (329,123)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended April 30, 2026, were $5,167,331, an increase of $732,938 from the prior year.

The General Fund balance increased by $35,000, in accordance with the District's financial plan.

The Debt Service Fund balance increased by $697,403, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by $535, as proceeds from the District's Series 2025 road bonds and interest earnings exceeded authorized expenditures and the reimbursement of $21,741 to the General Fund.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of April 30, 2026 was expected to be $1,030,556 and the actual end of year fund balance was $1,025,165.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	Capital Assets (Net of Accumulated Depreciation)		
	2026	2025	Change
Land	$ 10,000	$ 10,000	$ 0
Construction in progress	37,360,797	45,039,501	$ (7,678,704)
Roads	24,241,690	18,541,157	5,700,533
Totals	$ 61,612,487	$ 63,590,658	$ (1,978,171)

Changes to capital assets during the fiscal year ended April 30, 2026, are summarized as follows:

Decreases:	
Decrease in estimated value of developer construction	$ (1,408,816)
Depreciation	(569,355)
Net change to capital assets	$ (1,978,171)

Debt

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2026, are summarized as follows:

Bonded debt payable, beginning of year	$ 43,720,000
Bonds sold	7,530,000
Bonds paid	(790,000)
Bonded debt payable, end of year	$ 50,460,000

At April 30, 2026, the District had $25,166,966 of bonds authorized but unissued for the purposes of acquiring, constructing and improving a water, sanitary sewer and drainage system within the District and $44,427,255 for road purposes authorized but unissued

As further described in Note 5 of the notes to the financial statements, the developer within the District has advanced funds to the District to cover initial operating deficits. As of April 30, 2026, the cumulative amount of developer advances for this purpose was $122,217.

As further described in Note 5 of the notes to the financial statements, the developer within the District is constructing water, sewer and drainage facilities and road improvements on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality as applicable. At April 30, 2026, the estimated amount due to the developer was $37,360,797.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately $64,685,000 for the 2025 tax year (approximately 23%) due to the addition of new property and improvements within the District.

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

Relationship to the City of Fort Worth

The District obtains water, sewer and drainage service from the City of Fort Worth (the "City"). In consideration of the District's acquiring and constructing a water, sewer and drainage systems on behalf of the City, the City will own, operate and maintain such systems. The District will construct, own and maintain a road system within the District.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City, as described in the following paragraph. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Effective January 12, 2016, as amended June 17, 2019, the District and the City entered into an Amended Creation and Operation Agreement (the "Agreement"). Per the Agreement, the City may annex the District after the earliest to occur of the following, at such time as the City finds such annexation feasible: (1) The date construction of water, sanitary sewer, drainage and road facilities to serve 90% of the District is complete; (2) Dissolution of the District; (3) The date twenty years after approval by the City of the first preliminary plat for the District that contains single-family residential lots. Furthermore, the District may not levy an ad valorem tax of less than $1.00 per $100 valuation. Monies collected through such tax shall be used to pay the debt service on the District's outstanding bonds, operating costs of the District, and any other legally allowable costs of the District, and to establish a fund to assist the City in absorbing the costs of the District when the City annexes all the land in the District and dissolves the District.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

APRIL 30, 2026

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 4,706	$	$ 413	$ 5,119	$	$ 5,119
Certificates of deposit, at cost, Note 7	350,000			350,000		350,000
Temporary investments, at cost, Note 7	699,868	3,614,296	528,696	4,842,860		4,842,860
Receivables:						
Property taxes	1,599	15,604		17,203		17,203
Accrued interest	3,236			3,236		3,236
Other		72		72		72
Maintenance taxes collected not yet transferred from other fund	1,311			1,311	(1,311)	1,311
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	37,370,797	37,370,797
Depreciable capital assets				0	24,241,690	24,241,690
Total assets	$1,060,720	$3,629,972	$ 529,109	$ 5,219,801	61,611,176	66,830,977
LIABILITIES						
Accounts payable	$ 33,956	$	$	$ 33,956		33,956
Accrued interest payable				0	372,966	372,966
Maintenance taxes collected not yet transferred to other fund		1,311		1,311	(1,311)	1,311
Long-term liabilities, Note 5:						
Due within one year				0	1,009,089	1,009,089
Due in more than one year				0	85,595,550	85,595,550
Total liabilities	33,956	1,311	0	35,267	86,976,294	87,011,561
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	1,599	15,604	0	17,203	(17,203)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		3,613,057		3,613,057	(3,613,057)	0
Capital projects			529,109	529,109	(529,109)	0
Unassigned	1,025,165			1,025,165	(1,025,165)	0
Total fund balances	1,025,165	3,613,057	529,109	5,167,331	(5,167,331)	0
Total liabilities, deferred inflows, and fund balances	$1,060,720	$3,629,972	$ 529,109	$ 5,219,801		
Net position:						
Invested in capital assets, net of related debt, Note 4					(24,869,935)	(24,869,935)
Restricted for debt service					3,255,695	3,255,695
Restricted for capital projects					529,109	529,109
Unrestricted					904,547	904,547
Total net position					$ (20,180,584)	$(20,180,584)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 371,749	$ 3,207,421	$	$ 3,579,170	$ (105,634)	$ 3,473,536
Penalty and interest	26,167	13,976		40,143		40,143
Interest on deposits	41,235	111,507	23,401	176,143		176,143
Total revenues	439,151	3,332,904	23,401	3,795,456	(105,634)	3,689,822
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	254,314		313	254,627		254,627
Contracted services	75,628		817	76,445		76,445
Utilities	5,390			5,390		5,390
Repairs and maintenance	57,087			57,087		57,087
Administrative expenditures	33,473			33,473		33,473
Depreciation				0	569,355	569,355
Capital outlay / non-capital outlay			6,269,888	6,269,888	(6,269,888)	0
Debt service:						
Principal retirement		790,000		790,000	(790,000)	0
Bond issuance expenditures			411,753	411,753		411,753
Interest and fees		2,007,295	465,208	2,472,503	138,312	2,610,815
Total expenditures / expenses	425,892	2,797,295	7,147,979	10,371,166	(6,352,221)	4,018,945
Excess (deficiency) of revenues over expenditures	13,259	535,609	(7,124,578)	(6,575,710)	6,246,587	(329,123)
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		383,146	7,146,854	7,530,000	(7,530,000)	0
Bond issuance discounts, Note 5		(221,352)		(221,352)	221,352	0
Reimbursement from other fund, Note 7	21,741		(21,741)	0	0	0
Total other financing sources (uses)	21,741	161,794	7,125,113	7,308,648	(7,308,648)	0
Net change in fund balances / net position	35,000	697,403	535	732,938	(1,062,061)	(329,123)
Beginning of year	990,165	2,915,654	528,574	4,434,393	(24,285,854)	(19,851,461)
End of year	$ 1,025,165	$ 3,613,057	$ 529,109	$ 5,167,331	$(25,347,915)	$(20,180,584)

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

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2026

NOTE 1: REPORTING ENTITY

Tradition Municipal Utility District No. 2B (the "District") was created May 23, 2007 as Tradition Municipal Utility District No. 2 (the "Original District"). The Original District was created by Act of the 80th Texas Legislature, Regular Session, Chapter 752, codified as Special District Local Laws Code, Chapter 8189, as a municipal utility district, effective September 1, 2007. The Original District was divided into two districts; (1) Tradition Municipal Utility District No. 2A and (2) Tradition Municipal Utility District No. 2B by an election held May 9, 2015. The District assumed the rights, privileges and obligations of the Original District. The District operates in accordance with Texas Water Code Chapters 49 and 54 and Article III, Section 52 and Article XVI, Section 59, of the Texas Constitution. The District is located within the extra territorial jurisdiction of the City of Fort Worth and within Denton County, Texas. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on June 15, 2015. The District is subject to the continuing supervision of the TCEQ with respect to water, wastewater and drainage. The District is empowered, among other things, to provide for water, wastewater, drainage and road facilities.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. In addition, the District is authorized to construct, acquire, improve, maintain or operate roads located within its boundaries.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred revenues. Property taxes collected after the end of the fiscal year are not included in revenues.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 5,167,331
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		61,612,487
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (50,460,000)	
Issuance discount (to be amortized as interest expense)	1,338,375	
Due to developers for operating advances	(122,217)	
Due to developers for construction	(37,360,797)	(86,604,639)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		17,203
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(372,966)
Net position, end of year		$ (20,180,584)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		$ 732,938
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 6,269,888	
Depreciation	(569,355)	5,700,533
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued	(7,530,000)	
Bond anticipation note principal repayment	790,000	(6,740,000)
The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Issuance discount		129,146
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Uncollected property taxes		(105,634)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Operating advances reimbursed		
Accrued interest		(46,106)
Change in net position		$ (329,123)

NOTE 4: CAPITAL ASSETS

At April 30, 2026, “Invested in capital assets, net of related debt” was $(24,869,935). As further described in Note 9, the District lies wholly within the extraterritorial jurisdiction of the City of Fort Worth (the “City”) and obtains water, sewer and drainage service from the City. In consideration of the District's acquiring and constructing water, sewer and drainage systems on behalf of the City, the City will own, operate and maintain such systems. the District transfers the ownership of certain capital assets constructed by the District to the City. The District shall be the owner of each phase of the systems until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired. The District will construct, own and maintain a road system within the District.

Capital asset activity for the fiscal year ended April 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Easements	$ 10,000	$	$	$ 10,000
Construction in progress	45,039,501		7,678,704	37,360,797
Total capital assets not being depreciated	45,049,501	0	7,678,704	37,370,797
Depreciable capital assets:				
Road system	19,332,599	6,269,888	0	25,602,487
Total depreciable capital assets	19,332,599	6,269,888	0	25,602,487
Less accumulated depreciation for:				
Road system	(791,442)	(569,355)		(1,360,797)
Total accumulated depreciation	(791,442)	(569,355)	0	(1,360,797)
Total depreciable capital assets, net	18,541,157	5,700,533	0	24,241,690
Total capital assets, net	$ 63,590,658	$ 5,700,533	$ 7,678,704	$ 61,612,487

Changes to capital assets:		
Capital outlay	$ 6,269,888	$
Assets transferred to depreciable assets	6,269,888	6,269,888
Decrease in estimated value of developer construction	1,408,816	1,408,816
Capital outlay paid (decrease in liability) to developer	(7,678,704)	
Less depreciation expense for the fiscal year	(569,355)	
Net increases / decreases to capital assets	$ 5,700,533	$ 7,678,704

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended April 30, 2026 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 43,720,000	$ 7,530,000	$ 790,000	$ 50,460,000	$ 1,110,000
Add (less) deferred amounts: For issuance (discounts) premiums	(1,209,229)	(221,352)	(92,206)	(1,338,375)	(100,911)
Total bonds payable	42,510,771	7,308,648	697,794	49,121,625	1,009,089
Due to developers for operating advances (see below)	122,217			122,217	----------
Due to developers for construction (see below)	45,039,501		7,678,704	37,360,797	----------
Total due to developers	45,161,718	0	7,678,704	37,483,014	0
Total long-term liabilities	$ 87,672,489	$ 7,308,648	$ 8,376,498	$ 86,604,639	$ 1,009,089

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

Fiscal Year	Principal	Interest	Total
2026	$ 1,110,000	$ 2,204,007	$ 3,314,007
2027	1,345,000	2,130,380	3,475,380
2028	1,405,000	2,049,344	3,454,344
2029	1,465,000	1,966,201	3,431,201
2030	1,530,000	1,880,830	3,410,830
2031 - 2035	8,780,000	8,314,620	17,094,620
2036 - 2040	10,990,000	6,282,114	17,272,114
2041 - 2045	13,710,000	3,698,478	17,408,478
2046 - 2050	10,125,000	786,136	10,911,136
	$ 50,460,000	$ 29,312,110	$ 79,772,110

Water, sewer and drainage bonds voted	$ 45,341,966
Water, sewer and drainage bonds approved for sale and sold	20,175,000
Water, sewer and drainage bonds voted and not issued	25,166,966
Road bonds voted	$ 75,992,255
Road bonds approved for sale and sold	31,565,000
Road bonds voted and not issued	44,427,255

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at April 30, 2026, were as follows:

	Series 2023 Utility	Series 2023 Road	Series 2023A Road
Amounts outstanding, April 30, 2026	$11,650,000	$7,685,000	$12,050,000
Interest rates	3.00% to 5.50%	3.00% to 5.50%	4.25% to 6.75%
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	March 1, 2030*	March 1, 2030*	December 1, 2030*

	Series 2024 Utility	Series 2024 Road	Series 2025 Road
Amounts outstanding, April 30, 2026	$7,925,000	$3,620,000	$7,530,000
Interest rates	4.00% to 6.50%	4.00% to 6.50%	4.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2026/2049	September 1, 2026/2049	September 1, 2027/2050
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	August 1, 2030*	December 1, 2030*	December 1, 2031*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

Developer Construction Commitments, Liabilities and Advances

The developer within the District is constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developer for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality as applicable. The District's engineer stated that cost of the construction in progress at April 30, 2026, was $37,360,797. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

The developer within the District has advanced funds to the District to cover initial operating deficits. At April 30, 2026, the cumulative amount of unreimbursed developer advances was $122,217. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in “Unrestricted net position” in the government-wide financial statements. Without this decrease, “Unrestricted net position” would have a balance of $1,026,764.

NOTE 6: PROPERTY TAXES

The Denton County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county 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. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held November 3, 2015, the voters within the District authorized a maintenance tax not to exceed $1.20 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 15, 2025, the District levied the following ad valorem taxes for the 2025 tax year on the adjusted taxable valuation of $345,372,021:

	Rate	Amount
Debt service, Utilities	$ 0.3600	$ 1,242,501
Debt service, Roads	0.5500	1,898,265
Maintenance	0.0900	310,625
	$ 1.0000	$ 3,451,391

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2025 tax year total property tax levy	$ 3,451,391
Appraisal district adjustments to prior year taxes	22,145
Statement of Activities property tax revenues	$ 3,473,536

Concentration of Tax Base

The District’s tax base is concentrated in a small number of taxpayers. The District’s developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexCLASS, a local government investment pool sponsored by the State Comptroller. TexCLASS is rated AAAm by Standard & Poor’s.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was $4,842,860.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Temporary investments	$ 3,614,296

Capital Projects Fund

For construction of capital assets:

Cash	$ 413
Temporary investments	528,696
	$ 529,109

During the fiscal year ended April 30, 2026, the District reimbursed the General Fund $21,741 from the Capital Projects Fund in accordance with the Rules of the Texas Commission on Environmental Quality.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At April 30, 2026, the District had physical damage coverage of $1,718,750, comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate and consultant’s crime coverage of $10,000.

NOTE 9: CITY OF FORT WORTH

The District obtains water, sewer and drainage service from the City of Fort Worth (the “City”). In consideration of the District's acquiring and constructing a water, sewer, drainage and road systems on behalf of the City, the City will own, operate and maintain such systems.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City, as described in the following paragraph. If the District is annexed, the City will assume the District’s assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Effective January 12, 2016, as amended June 17, 2019, the District and the City entered into an Amended Creation and Operation Agreement (the "Agreement"). Per the Agreement, the City may annex the District after the earliest to occur of the following, at such time as the City finds such annexation feasible: (1) The date construction of water, sanitary sewer, drainage and road facilities to serve 90% of the District is complete; (2) Dissolution of the District; (3) The date twenty years after approval by the City of the first preliminary plat for the District that contains single-family residential lots. Furthermore, the District may not levy an ad valorem tax of less than $1.00 per $100 valuation. Monies collected through such tax shall be used to pay the debt service on the District's outstanding bonds, operating costs of the District, and any other legally allowable costs of the District, and to establish a fund to assist the City in absorbing the costs of the District when the City annexes all the land in the District and dissolves the District.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 240,100	$ 240,100	$ 371,749	$ 131,649
Penalty	6,000	6,000	26,167	20,167
Interest on deposits	45,512	45,512	41,235	(4,277)
TOTAL REVENUES	291,612	291,612	439,151	147,539
EXPENDITURES				
Service operations:				
Professional fees	134,500	134,500	254,314	119,814
Contracted services	60,000	60,000	75,628	15,628
Repairs and maintenance	6,700	6,700	57,087	50,387
Utilities	3,600	3,600	5,390	1,790
Administrative expenditures	46,421	46,421	33,473	(12,948)
TOTAL EXPENDITURES	251,221	251,221	425,892	174,671
EXCESS REVENUES (EXPENDITURES)	40,391	40,391	13,259	(27,132)
OTHER FINANCING SOURCES (USES)				
Reimbursement from other fund	0	0	21,741	21,741
TOTAL OTHER FINANCIAL SOURCES (USES)	0	0	21,741	21,741
EXCESS SOURCES (USES)	40,391	40,391	35,000	(5,391)
FUND BALANCE, BEGINNING OF YEAR	990,165	990,165	990,165	0
FUND BALANCE, END OF YEAR	$ 1,030,556	$ 1,030,556	$ 1,025,165	$ (5,391)

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APRIL 30, 2026

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

[X] TSI-5. Long-Term Debt Service Requirements by Years

[X] TSI-6. Changes in Long-Term Bonded Debt

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year

[X] TSI-8. Board Members, Key Personnel and Consultants

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

SCHEDULE OF SERVICES AND RATES

APRIL 30, 2026

1. Services Provided by the District during the Fiscal Year:

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

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

X Other All other services are provided by the City of Fort Worth.

2. Retail Service Providers

   a. Retail Rates for a 5/8" meter (or equivalent):

      Contact the City of Fort Worth.

   b. Water and Wastewater Retail Connections:

      Contact the City of Fort Worth.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

   Contact the City of Fort Worth.

4. Standby Fees (authorized only under TWC Section 49.231):

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

   If yes, date of the most recent Commission Order: _____

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

   If yes, date of the most recent Commission Order: _____

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 8,500	$	$	8,500
Legal	145,413		313	145,726
Engineering	100,401			100,401
	254,314	0	313	254,627
Contracted services:				
Bookkeeping	50,279		817	51,096
Tax assessor-collector	1,199			1,199
Appraisal district	24,150			24,150
	75,628	0	817	76,445
Utilities	5,390	0	0	5,390
Repairs and maintenance	57,087	0	0	57,087
Administrative expenditures:				
Director's fees	8,177			8,177
Insurance	5,823			5,823
Office supplies	2,405			2,405
Communications	9,315			9,315
Other	7,753			7,753
	33,473	0	0	33,473
CAPITAL OUTLAY				
Authorized expenditures	0	0	6,269,888	6,269,888
DEBT SERVICE				
Principal retirement	0	790,000	0	790,000
Bond issuance expenditures	0	0	411,753	411,753
Interest and fees:				
Interest		2,005,095	465,208	2,470,303
Paying agent fees		2,200		2,200
	0	2,007,295	465,208	2,472,503
TOTAL EXPENDITURES	$ 425,892	$ 2,797,295	$ 7,147,979	$ 10,371,166

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

ANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS				
Cash receipts from revenues excluding maintenance taxes	$ 65,317	$ 3,341,757	$ 23,401	$ 3,430,475
Maintenance tax receipts		371,749		371,749
Transfer of maintenance taxes	371,725			371,725
Reimbursement from other fund	21,741			21,741
Proceeds from sale of Bonds		161,794	7,146,854	7,308,648
TOTAL DEPOSITS PROVIDED	458,783	3,875,300	7,170,255	11,504,338
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	478,533		1,130	479,663
Capital outlay			6,293,528	6,293,528
Debt service		2,797,295	876,961	3,674,256
Reimbursement to other fund			21,741	21,741
Transfer of maintenance taxes		371,725		371,725
TOTAL DEPOSITS APPLIED	478,533	3,169,020	7,193,360	10,840,913
INCREASE (DECREASE) IN DEPOSITS	(19,750)	706,280	(23,105)	663,425
DEPOSITS BALANCES, BEGINNING OF YEAR	1,074,324	2,908,016	552,214	4,534,554
DEPOSITS BALANCES, END OF YEAR	$ 1,054,574	$ 3,614,296	$ 529,109	$ 5,197,979

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

APRIL 30, 2026

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 0589	3.60%	8/13/26	$ 100,000	$ 740
No. 7594	3.75%	8/23/26	50,000	339
No. 0098	3.54%	9/02/26	100,000	533
No. 8789	3.95%	6/03/26	50,000	785
No. 0043	3.90%	5/23/26	50,000	839
			$ 350,000	$ 3,236
Texas CLASS				
No. TX-01-1139-0001	Market	On demand	$ 699,868	$ 0
DEBT SERVICE FUND				
Texas CLASS				
No. TX-01-1139-0002	Market	On demand	$ 1,453,000	$ 0
No. TX-01-1139-0003	Market	On demand	2,161,296	0
			$ 3,614,296	$ 0
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-1139-0004	Market	On demand	$ 118,015	$ 0
No. TX-01-1139-0007	Market	On demand	410,681	0
			$ 528,696	$ 0
Total – All Funds			$ 5,192,860	$ 3,236

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED APRIL 30, 2026

	Maintenance Taxes	Road Debt Service Taxes	Utility Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 52,499	$ 41,411	$ 28,927
Additions and corrections to prior year taxes	10,224	7,385	4,535
Adjusted receivable, beginning of year	62,723	48,796	33,463
2025 ADJUSTED TAX ROLL	310,625	1,898,265	1,242,501
Total to be accounted for	373,348	1,947,061	1,275,964
Tax collections: Current tax year	(309,187)	(1,889,477)	(1,236,749)
Prior tax years	(62,562)	(48,146)	(33,049)
RECEIVABLE, END OF YEAR	$ 1,599	$ 9,438	$ 6,166
RECEIVABLE, BY TAX YEAR			
2023	$ 127	$ 456	$ 262
2024	34	194	152
2025	1,438	8,788	5,752
RECEIVABLE, END OF YEAR	$ 1,599	$ 9,438	$ 6,166

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED APRIL 30, 2026

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2025	2024	2023	2022
Land	$ 120,000,391	$ 102,085,214	$ 83,387,999	$ 66,362,276
Improvements	250,439,794	203,086,068	103,389,575	4,137,478
Personal property	776,350	645,939	225,806	34,833
Less exemptions	(25,844,514)	(25,131,715)	(20,417,717)	(14,630,551)
TOTAL PROPERTY VALUATIONS	$ 345,372,021	$ 280,685,506	$ 166,585,663	$ 55,904,036
Debt service tax rate, utilities	$ 0.36000	$ 0.40000	$ 0.31000	$ 0.00000
Debt service tax rate, roads	0.55000	0.51000	0.54000	0.00000
Maintenance tax rates*	0.09000	0.09000	0.15000	1.00000
TOTAL TAX RATES PER $100 VALUATION	$ 1.00000	$ 1.00000	$ 1.00000	$ 1.00000
TAX ROLLS	$ 3,451,391	$ 2,808,088	$ 1,673,520	$ 559,040
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.5 %	99.9 %	99.9 %	100.0 %

*Maximum tax rate approved by voters on November 3, 2015: $1.20

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2023 Utility		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 320,000	$ 479,450	$ 799,450
2028	335,000	461,437	796,437
2029	350,000	442,600	792,600
2030	365,000	422,938	787,938
2031	380,000	402,450	782,450
2032	400,000	386,000	786,000
2033	420,000	371,600	791,600
2034	435,000	354,500	789,500
2035	455,000	336,700	791,700
2036	475,000	318,100	793,100
2037	500,000	298,600	798,600
2038	520,000	278,200	798,200
2039	545,000	256,900	801,900
2040	570,000	234,600	804,600
2041	595,000	211,300	806,300
2042	620,000	187,000	807,000
2043	650,000	161,600	811,600
2044	680,000	135,000	815,000
2045	710,000	107,200	817,200
2046	740,000	78,200	818,200
2047	775,000	47,900	822,900
2048	810,000	16,200	826,200
TOTALS	$ 11,650,000	$ 5,988,475	$ 17,638,475

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2023 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 210,000	$ 316,225	$ 526,225
2028	220,000	304,400	524,400
2029	230,000	292,025	522,025
2030	240,000	279,100	519,100
2031	250,000	265,625	515,625
2032	265,000	254,775	519,775
2033	275,000	245,300	520,300
2034	290,000	234,000	524,000
2035	300,000	222,200	522,200
2036	315,000	209,900	524,900
2037	330,000	197,000	527,000
2038	345,000	183,500	528,500
2039	360,000	169,400	529,400
2040	375,000	154,700	529,700
2041	390,000	139,400	529,400
2042	410,000	123,400	533,400
2043	430,000	106,600	536,600
2044	445,000	89,100	534,100
2045	470,000	70,800	540,800
2046	490,000	51,600	541,600
2047	510,000	31,600	541,600
2048	535,000	10,700	545,700
TOTALS	$ 7,685,000	$ 3,951,350	$ 11,636,350

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2023A Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 290,000	$ 588,006	$ 878,006
2028	305,000	567,924	872,924
2029	320,000	546,831	866,831
2030	335,000	524,725	859,725
2031	355,000	501,881	856,881
2032	370,000	481,094	851,094
2033	390,000	463,556	853,556
2034	410,000	446,556	856,556
2035	430,000	428,706	858,706
2036	450,000	410,006	860,006
2037	475,000	389,756	864,756
2038	500,000	367,506	867,506
2039	525,000	343,803	868,803
2040	550,000	318,600	868,600
2041	575,000	291,882	866,882
2042	605,000	263,857	868,857
2043	635,000	234,406	869,406
2044	665,000	203,532	868,532
2045	700,000	171,112	871,112
2046	735,000	137,032	872,032
2047	770,000	101,288	871,288
2048	810,000	62,750	872,750
2049	850,000	21,250	871,250
TOTALS	$ 12,050,000	$ 7,866,059	$ 19,916,059

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2024 Utility		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 200,000	$ 333,988	$ 533,988
2028	210,000	320,794	530,794
2029	215,000	307,650	522,650
2030	225,000	294,450	519,450
2031	235,000	280,650	515,650
2032	245,000	268,700	513,700
2033	255,000	258,700	513,700
2034	265,000	248,300	513,300
2035	275,000	237,500	512,500
2036	285,000	226,300	511,300
2037	300,000	214,600	514,600
2038	310,000	202,400	512,400
2039	325,000	189,700	514,700
2040	340,000	176,400	516,400
2041	350,000	162,600	512,600
2042	365,000	148,300	513,300
2043	380,000	133,400	513,400
2044	395,000	117,900	512,900
2045	415,000	101,700	516,700
2046	430,000	84,800	514,800
2047	450,000	67,200	517,200
2048	465,000	48,900	513,900
2049	485,000	29,900	514,900
2050	505,000	10,100	515,100
TOTALS	$ 7,925,000	$ 4,464,932	$ 12,389,932

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2024 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 90,000	$ 162,750	$ 252,750
2028	95,000	156,738	251,738
2029	100,000	150,400	250,400
2030	100,000	143,900	243,900
2031	105,000	137,237	242,237
2032	110,000	130,250	240,250
2033	115,000	122,938	237,938
2034	120,000	115,300	235,300
2035	125,000	108,900	233,900
2036	130,000	103,800	233,800
2037	135,000	98,500	233,500
2038	140,000	93,000	233,000
2039	150,000	87,200	237,200
2040	155,000	81,100	236,100
2041	160,000	74,800	234,800
2042	165,000	68,300	233,300
2043	175,000	61,500	236,500
2044	180,000	54,400	234,400
2045	190,000	47,000	237,000
2046	200,000	39,200	239,200
2047	205,000	31,100	236,100
2048	215,000	22,700	237,700
2049	225,000	13,900	238,900
2050	235,000	4,700	239,700
TOTALS	$ 3,620,000	$ 2,109,613	$ 5,729,613

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Series 2025 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$	$ 323,588	$ 323,588
2027	180,000	319,087	499,087
2028	190,000	309,838	499,838
2029	200,000	301,088	501,088
2030	205,000	292,987	497,987
2031	215,000	284,588	499,588
2032	225,000	275,788	500,788
2033	235,000	266,588	501,588
2034	245,000	256,988	501,988
2035	255,000	246,987	501,987
2036	270,000	236,488	506,488
2037	280,000	225,488	505,488
2038	295,000	213,988	508,988
2039	305,000	201,797	506,797
2040	320,000	188,906	508,906
2041	335,000	175,187	510,187
2042	350,000	160,631	510,631
2043	365,000	145,209	510,209
2044	380,000	128,912	508,912
2045	400,000	111,600	511,600
2046	415,000	93,262	508,262
2047	435,000	74,137	509,137
2048	455,000	54,112	509,112
2049	475,000	33,187	508,187
2050	500,000	11,250	511,250
TOTALS	$ 7,530,000	$ 4,931,681	$ 12,461,681

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2026

Due During Fiscal Years Ending April 30	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total
2026	$ 1,110,000	$ 2,204,007	$ 3,314,007
2027	1,345,000	2,130,380	3,475,380
2028	1,405,000	2,049,344	3,454,344
2029	1,465,000	1,966,201	3,431,201
2030	1,530,000	1,880,830	3,410,830
2031	1,605,000	1,805,407	3,410,407
2032	1,680,000	1,737,882	3,417,882
2033	1,755,000	1,665,244	3,420,244
2034	1,830,000	1,590,994	3,420,994
2035	1,910,000	1,515,093	3,425,093
2036	2,010,000	1,434,944	3,444,944
2037	2,095,000	1,350,094	3,445,094
2038	2,200,000	1,260,991	3,460,991
2039	2,295,000	1,167,197	3,462,197
2040	2,390,000	1,068,888	3,458,888
2041	2,500,000	966,044	3,466,044
2042	2,620,000	858,137	3,478,137
2043	2,730,000	745,141	3,475,141
2044	2,865,000	626,724	3,491,724
2045	2,995,000	502,432	3,497,432
2046	3,125,000	372,350	3,497,350
2047	3,270,000	235,387	3,505,387
2048	2,015,000	119,162	2,134,162
2049	1,215,000	47,987	1,262,987
2050	500,000	11,250	511,250
TOTALS	$ 50,460,000	$ 29,312,110	$ 79,772,110

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED APRIL 30, 2026

	(1)	(2)	(3)	(4)
Bond Series:	2023 Utility	2023 Road	2023A Road	2024 Utility
Interest Rate:	3.00% to 5.50%	3.00% to 5.50%	4.25% to 6.75%	4.00% to 6.50%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2026/2047	September 1, 2026/2047	September 1, 2026/2048	September 1, 2026/2049
Bonds Outstanding at Beginning of Current Year	$ 11,955,000	$ 7,890,000	$ 12,330,000	$ 7,925,000
Less Retirements	(305,000)	(205,000)	(280,000)	0
Bonds Outstanding at End of Current Year	$ 11,650,000	$ 7,685,000	$ 12,050,000	$ 7,925,000
Current Year Interest Paid	$ 496,638	$ 327,637	$ 607,244	$ 340,487

Bond Descriptions and Original Amount of Issue

(1) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Utility Bonds, Series 2023 ($12,250,000)

(2) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2023 ($8,085,000)

(3) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2023A($12,330,000)

(4) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Utility Bonds, Series 2024 ($7,925,000)

Paying Agent/Registrar

(1) (2) (3) (4) BOKF, N.A., Dallas, Texas

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED APRIL 30, 2026

	(5)	(6)	Totals
Bond Series:	2024 Road	2025 Road	
Interest Rate:	4.00% to 6.50%	4.00% to 5.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2026/2049	September 1, 2027/2050	
Bonds Outstanding at Beginning of Current Year	$ 3,620,000	$	$ 43,720,000
Add Bonds Sold		7,530,000	7,530,000
Less Retirements			(790,000)
Bonds Outstanding at End of Current Year	$ 3,620,000	$ 7,530,000	$ 50,460,000
Current Year Interest Paid	$ 165,675	$ 67,414	$ 2,005,095

Bond Descriptions and Original Amount of Issue

(5) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2024 ($3,620,000)

(6) Tradition Municipal Utility District No. 2B of Denton County Unlimited Tax Road Bonds, Series 2025 ($7,530,000)

Paying Agent/Registrar

(5) (6) BOKF, N.A., Dallas, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	$ 121,334,221	$ 0	$ 0
Amount Issued:	51,740,000		
Remaining to be Issued:	69,594,221		

Net Debt Service Fund deposits balances as of April 30, 2026:	$3,613,057
Average annual debt service payment for remaining term of all debt:	3,190,884

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
REVENUES										
Property taxes	$ 371,749	$ 341,490	$ 249,544	$ 572,443	$ 218,775	84.6 %	88.1 %	93.0 %	97.7 %	100.0 %
Penalty	26,167	4,260	0	12,292	42	6.0	1.1	0.0	2.1	0.0
Interest on deposits	41,235	42,031	18,856	1,319	11	9.4	10.8	7.0	0.2	0.0
TOTAL REVENUES	439,151	387,781	268,400	586,054	218,828	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Professional fees	254,314	117,472	93,516	87,891	32,520	58.0	30.2	34.8	15.0	14.9
Contracted services	75,628	50,642	25,708	7,195	3,218	17.2	13.1	9.6	1.2	1.5
Utilities	5,390	4,495	4,110	2,216		1.2	1.2	1.5	0.4	
Repairs and maintenance	57,087	5,301	0	700		13.0	1.4	0.0	0.1	
Administrative expenditures	33,473	36,257	17,170	10,035	9,511	7.6	9.3	6.4	1.7	4.3
Capital outlay	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENDITURES	425,892	214,167	140,504	108,037	45,249	97.0	55.2	52.3	18.4	20.7
EXCESS REVENUES (EXPENDITURES)	$ 13,259	$ 173,614	$ 127,896	$ 478,017	$ 173,579	3.0 %	44.8 %	47.7 %	81.6 %	79.3 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					

See accompanying independent auditor's report.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2026	2025	2024*	2023	2022	2026	2025	2024	2023	2022
REVENUES										
Property taxes	$ 3,207,421	$ 2,563,738	$ 1,406,606			96.3 %	95.7 %	97.5 %		
Penalty and interest	13,976	5,692	9,383			0.4	0.2	0.6		
Interest on deposits	111,507	109,940	27,744			3.3	4.1	1.9		
TOTAL REVENUES	3,332,904	2,679,370	1,443,733			100.0	100.0	100.0		
EXPENDITURES										
Current:										
Professional fees	0	0	149			0.0	0.0	0.0		
Contracted services	0	0	0			0.0	0.0	0.0		
Other expenditures	0	0	0			0.0	0.0	0.0		
Debt service:										
Principal retirement	790,000	490,000	0			23.7	18.3	0.0		
Interest and fees	2,007,295	1,684,252	803,750			60.2	62.8	55.7		
TOTAL EXPENDITURES	2,797,295	2,174,252	803,899			83.9	81.1	55.7		
EXCESS REVENUES (EXPENDITURES)	$ 535,609	$ 505,118	$ 639,834			16.1 %	18.9 %	44.3 %		

*First year of financial activity.

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

APRIL 30, 2026

Complete District Mailing Address: Tradition Municipal Utility District No. 2B of Denton County
c/o Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205

District Business Telephone No.: 972-823-0800

Submission date of the most recent District Registration Form: May 27, 2026

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Michael Swaldi c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	$ 1,768	$ 0	President
Stephanie White c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	1,326	355	Vice President
Matthew Mildren c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/04/24- 5/06/28	1,547	44	Secretary
Kristopher T. Baird c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Elected 5/07/22- 5/02/26	1,547	60	Assistant Secretary
Traci S. Kilmer c/o Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	Appointed 2/26/24- 5/02/26	1,989	533	Assistant Secretary

TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2026

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Allen Boone Humphries Robinson LLP 4514 Cole Avenue, Suite 1450 Dallas, Texas 75205	8/01/22	$ 111,950 190,760 Bonds	Attorney
McCreary, Veselka, Bragg & Allen, P.C. 700 Jeffrey Way, Suite100 Round Rock, Texas 78665	3/20/23	17,062	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 3755 S. Capital of Texas Highway Bldg 1, Suite 280 Austin, Texas 78730	9/16/24	53,181 5,000 Bonds	Bookkeeper
Westwood Professional Services 11000 Frisco Street, Suite 400 Frisco, Texas 75033	4/8/20	100,401 13,000 Bonds	Engineer
Denton County Tax Assessor Collector Denton County Annex 101 N. Washington Kaufman, Texas 75142	6/15/15	1,199	Tax Assessor-Collector
Denton Central Appraisal District P.O. Box 2816 Denton, Texas 76202	Legislative Action	24,150	Central Appraisal District
Robert W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	6/15/15	156,214 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	4/19/21	8,500 6,900 Bonds	Independent Auditor

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

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

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