OFFICIAL STATEMENT DATED NOVEMBER 5, 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 have been designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

Moody's Ratings (Underlying) ..... "Baa3"
See "MUNICPAL BOND INSURANCE" and "MUNICIPAL BOND RATING"

REDBIRD RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

(A political subdivision of the State of Texas, located within Medina and Bexar Counties, Texas)

$2,385,000
Unlimited Tax Road Bonds
Series 2026

Dated: December 1, 2026 **Due: September 1, as shown on the inside cover**
Interest Accrues from: Date of Delivery

The $2,385,000 Redbird Ranch Water Control and Improvement District No. 2 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are obligations of Redbird Ranch Water Control and Improvement District No. 2 (the "District") and are not obligations of the State of Texas; Medina County, Texas; Bexar County, Texas; or any entity other than the District.

The Bonds are dated December 1, 2026, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about December 8, 2026) ("Date of Delivery"), at the rates set forth on the inside cover, and is payable March 1, 2027, and each September 1 and March 1 thereafter (the "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the "Registered Owners") at BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, 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, principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as discussed under "THE BONDS – Book-Entry-Only System."

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

The Bonds are the third series of bonds issued by the District out of an aggregate of $121,635,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). In addition, the voters of the District have authorized the issuance of an aggregate of $225,883,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"), $225,883,000 for the further purpose of refunding such bonds, $102,088,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"), $102,088,000 for the further purpose of refunding such bonds, and $121,635,000 for the purpose of refunding bonds issued for the Road System. Following the issuance of the Bonds, $107,655,000 principal amount of unlimited tax bonds for the Road System; $196,858,000 principal amount of unlimited tax bonds for the Utility System; and $102,088,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. All refunding authorizations remain unissued. See "THE BONDS—Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser, and are subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 8, 2026.

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

$2,385,000 Redbird Ranch Water Control and Improvement District No. 2 Unlimited Tax Road Bonds, Series 2026

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 75724P (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 75724P (b)
2027	$ 80,000	7.250%	3.500%	DD0	2040 (c)	$ 90,000	4.750%	4.700%	DS7
2028	45,000	7.250%	3.600%	DE8	2041 (c)	95,000	4.750%	4.800%	DT5
2029	50,000	7.250%	3.700%	DF5	2042 (c)	105,000	4.750%	4.900%	DU2
2030	55,000	7.250%	3.800%	DG3	2043 (c)	110,000	4.750%	4.950%	DV0
2031	55,000	7.250%	3.900%	DH1	2044 (c)	115,000	4.750%	5.000%	DW8
2032 (c)	60,000	5.000%	3.950%	DJ7	2045 (c)	120,000	4.750%	5.050%	DX6
2033 (c)	60,000	5.000%	4.000%	DK4	2046 (c)	130,000	4.750%	5.100%	DY4
2034 (c)	65,000	5.000%	4.050%	DL2	2047 (c)	135,000	4.750%	5.150%	DZ1
2035 (c)	70,000	5.000%	4.100%	DM0	2048 (c)	145,000	4.750%	5.180%	EA5
2036 (c)	75,000	5.000%	4.250%	DN8	2049 (c)	150,000	4.750%	5.230%	EB3
2037 (c)	80,000	5.000%	4.350%	DP3	2050 (c)	160,000	4.750%	5.260%	EC1
2038 (c)	80,000	5.000%	4.500%	DQ1	2051 (c)	170,000	4.750%	5.280%	ED9
2039 (c)	85,000	4.875%	4.600%	DR9					

(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 this issue by the 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) The Bonds maturing on September 1, 2032, 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 September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representations, other than those contained herein, 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, audits, and engineering and other related reports set forth herein 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 upon payment of duplication costs, for further 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.

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 discussed 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 discussed herein, until delivery of the Bonds to the Initial Purchaser and thereafter only as discussed under "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 purpose.

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APPENDIX A: Financial Statements of the District

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, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown on the inside cover under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 97.005025% of the par value, which resulted in a net effective interest rate of 5.029659%, 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. For this purpose, the term "public" shall not include any person who is a bond house, broker, dealer, or similar person or organization 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.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the bonds into investment accounts.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933 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 in such other jurisdiction.

MUNICIPAL BOND INSURANCE

The District made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds and qualified, but the Initial Purchaser elected not to purchase municipal bond guaranty insurance.

MUNICIPAL BOND RATING

Moody's Ratings ("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 underlying rating of Moody's.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere herein. 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 discussed herein.

THE BONDS

The Issuer	Redbird Ranch Water Control and Improvement District No. 2 (the "District"), a political subdivision of the State of Texas ("Texas"), is located in Medina County, Texas, and Bexar County, Texas (collectively, the "Counties"). See "THE DISTRICT."
The Issue	The $2,385,000 Redbird Ranch Water Control and Improvement District No. 2 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are dated December 1, 2026, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about December 8, 2026) (the "Date of Delivery"), at the rates set forth on the inside cover, and is payable March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on September 1, 2032, 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 September 1, 2031, 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."
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Road System (herein defined) and four series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System (herein defined) of which $38,675,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds"). See THE BONDS—Outstanding Bonds."
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 within the District. The Bonds are obligations of the District and are not obligations of Texas; the Counties; or any entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The Bonds are the seventh issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of debt service on its bonded indebtedness.
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system discussed herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be payable by the office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance	The Bonds constitute the third series of unlimited tax bonds issued by the District from the $121,635,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring a road system to serve the District (the "Road System"). The District's voters have also authorized $225,883,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a water, wastewater and a drainage system to serve the District (the "Utility System") and $225,883,000 for the further purpose of refunding such bonds.

Additionally, voters of the District authorized $102,088,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District (the "Park System") and $102,088,000 for the further purpose of refunding such bonds.

Following the issuance of the Bonds, $107,655,000 principal amount of unlimited tax bonds for the Road System; $196,858,000 principal amount of unlimited tax bonds for the Utility System; and $102,088,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued.

The Bonds are issued pursuant to (i) a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds; (ii) Article III, Section 52 of the Texas Constitution and general laws of Texas, particularly Chapters 49, 51 and certain assumed powers of Chapter 53 of the Texas Water Code, as amended; and (iii) an election held in the District, and passed by a majority of the participating voters.

Use and Distribution of Bond Proceeds ..... Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under "THE BONDS - Use And Distribution of Bond Proceeds." Additionally, proceeds of the sale of the Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Municipal Bond Insurance ..... The District made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds and qualified, but the Initial Purchaser elected not to purchase municipal bond guaranty insurance. See "MUNICIPAL BOND INSURANCE."

Municipal Bond Ratings ..... Moody's Ratings ("Moody's") has assigned an underlying rating of "Baa3" to the Bonds. See "MUNICIPAL BOND RATING."

Qualified Tax-Exempt Obligations ..... The Bonds have been designated "qualified tax-exempt obligations" for financial institutions.

Bond Counsel ..... Allen Boone Humphries Robinson LLP, Houston, Texas.

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

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

Engineer ..... Pape – Dawson Consulting Engineers, LLC, San Antonio, Texas.

Paying Agent/Registrar ..... BOKF, NA, Dallas, Texas.

THE DISTRICT

Description ..... The District is operating under the authority of Chapters 49 and 51 of the Texas Water Code, as amended, as a water control and improvement district with retained powers of a road district under Chapter 53, Texas Water Code. The District was created as a fresh water supply district by Order of the Commissioners Court of Medina County on December 19, 2019. The District held an election to confirm the District on May 2, 2020 and assumed the powers of a road district pursuant to Article III, Section 52 (b)(3), of the Texas Constitution. The District converted from a fresh water supply district operating under Chapter 53, Texas Water Code to a water control and improvement district operating under Chapter 51, Texas Water Code by order of the Board dated June 4, 2020 but retained the powers of a road district pursuant to Chapter 53, Texas Water Code. The District submitted an application for additional wastewater and drainage powers to the TCEQ on April 2, 2020 and received authorization on October 21, 2020. The District held its tax and bond election on November 3, 2020. At the time of creation, the District contained 264.672 acres. The District annexed approximately 169.107 acres in Bexar County and the District now contains approximately 433.78 acres. The District is not located within any city's extraterritorial jurisdiction. The District is located partially in Bexar County,

	Texas and partially in Medina County, Texas, approximately 20 miles west of the downtown area of the City of San Antonio. The District is located approximately two (2) miles northwest of the State Highway 211 and Potranco Road intersection and directly east of County Road 381. The District was previously named Redbird Ranch Fresh Water Supply District No. 2 of Medina County. On April 4, 2024, the Board approved a Resolution to change the District's name to Redbird Ranch Water Control and Improvement District No. 2 and by order dated October 29, 2024, the TCEQ approved such request.
Development Within the District	To date, approximately 355.70 acres (1,739 lots) within the District have been developed as the single-family residential subdivision of Redbird Ranch Phase 2 Unit 1M-1, 1M -2, 1M-3, 1M-4, 1M-5, 3M-3A, 4M -1, 4M-2, 4M-3, 1M-6, 3M-3B, 3M-1, 5M, 3M-4 and 3M-5. As of October 8, 2026 1,435 homes were complete (1,435 occupied), 60 homes were under construction, and 244 lots were developed and vacant. The remaining land within the District includes approximately 6.94 undeveloped but developable acres and approximately 71.14 undevelopable acres.
The Developer	The developer of land within the District is Continental Homes of Texas, L.P. ("Continental" or the "Developer"). Continental is a subsidiary of D.R. Horton – Texas, Ltd, a Texas limited partnership which is a subsidiary of and controlled by D.R. Horton, Inc. a publicly traded corporation. See "DESCRIPTION OF THE DEVELOPER."
Homebuilder Active Within the District	The homebuilder active within the District is D.R. Horton ("DH"). Prices of new homes being constructed within the District range in price from approximately $194,500 to over $347,525, and in size from approximately 1,156 square feet to over 2,678 square feet.

INVESTMENT CONSIDERATIONS

THE DISTRICT'S TAXES ARE LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERSTIONS."

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Taxable Assessed Valuation (100% of the market valuation as of January 1, 2026)	$	314,443,758	(a)
Estimated Taxable Assessed Valuation (100% of the estimated market valuation)	$	328,472,210	(b)
Direct Debt:			
The Outstanding Bonds (as of delivery of the Bonds)	$	38,675,000	
The Bonds	$	2,385,000	
Total	$	41,060,000	
Estimated Overlapping Debt	$	26,883,310	(c)
Total Direct and Estimated Overlapping Debt	$	67,943,310	(c)
Direct Debt Ratios:			
As a Percentage of the 2026 Taxable Assessed Valuation		13.06 %	
As a Percentage of the Estimated Taxable Assessed Valuation		12.50 %	
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2026 Taxable Assessed Valuation		21.61 %	
As a Percentage of the Estimated Taxable Assessed Valuation		20.68 %	
Utility System Debt Service Fund Balance (as of October 1, 2026)	$	597,823	(d)
Road System Debt Service Fund Balance (as of October 1, 2026)	$	279,401	(e)
Utility System Capital Projects Fund Balance (as of October 1, 2026)	$	201,251	
Road System Capital Projects Fund Balance (as of October 1, 2026)	$	61,610	
General Operating Fund Balance (as of October 1, 2026)	$	807,971	
2026 Tax Rate per $100 of Taxable Assessed Valuation:			
Utility Debt Service		$ 0.635	
Road Debt Service		$ 0.300	
Maintenance and Operations		$ 0.065	
Total		$ 1.000	
Average Annual Debt Service Requirement (2027–2051)	$	2,673,055	(f)
Maximum Annual Debt Service Requirement (2048)	$	2,979,083	(f)
Combined Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027–2051) at 95% Collections:			
Based on the 2026 Taxable Assessed Valuation		$ 0.90	
Based on the Estimated Taxable Assessed Valuation		$ 0.86	
Combined Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2048) at 95% Collections:			
Based on the 2026 Taxable Assessed Valuation		$ 1.00	
Based on the Estimated Taxable Assessed Valuation		$ 0.96	
Single-Family Homes as of October 8, 2026		1,435	(g)

(a) All taxable property located in the District is valued on the applicable appraisal roll of the Bexar Central Appraisal District ("BAD") or the Medina County Appraisal District ("MCAD," and together with BAD, the "Appraisal Districts") as of January 1, 2026. Such amount includes $8,960,344 of assessed valuation, which represents 80% of assigned value to properties that remain under review by the BAD. All property located in the District is valued on the tax rolls by the Appraisal Districts at 100% of estimated market value as of January 1 of each year. See "TAXING PROCEDURES" and "TAX DATA."

(b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all property located within the District by the BAD as of August 15, 2026, and by the MCAD as of September 9, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026, through August 15, 2026, and September 9, 2026, respectively. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Direct and 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 (herein defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on Road System Bonds, 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 Utility System Bonds.

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

(g) Includes 1,435 complete and occupied homes. See "DEVELOPMENT WITHIN THE DISTRICT."

REDBIRD RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

(A political subdivision of the State of Texas, located within Medina and Bexar Counties, Texas)

$2,385,000
Unlimited Tax Road Bonds
Series 2026

INTRODUCTION

This Official Statement of Redbird Ranch Water Control and Improvement District No. 2 (the "District") is provided to furnish information with respect to the issuance by the District of its $2,385,000 Redbird Ranch Water Control and Improvement District No. 2 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds; (ii) Article III, Section 52 of the Texas Constitution and general laws of Texas, particularly Chapters 49, 51 and 53 of the Texas Water Code, as amended; and (iii) a bond election held in the District on November 3, 2020, and passed by a majority of the participating voters.

There follows herein 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 Bond Counsel (herein defined) at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication thereof. Certain capitalized terms used herein have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Resolution adopted by the Board. A copy of the Bond Resolution may be obtained from the District upon written request made to Bond Counsel at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated December 1, 2026, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about December 8, 2026) (the "Date of Delivery"), at the rates set forth on the inside cover, and is payable March 1, 2027, and each September 1 and March 1 thereafter (the "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the Registered Owners (herein defined) at the principal office of the Paying Agent/Registrar (herein defined) upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, or any integral multiple thereof.

Paying Agent/Registrar

The initial paying agent/registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are being issued in fully registered form in integral multiples of $5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each Interest Payment Date by the Paying Agent/Registrar to the Registered Owners at the last known address as it appears on the Registrar's books on the Record Date.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how 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 (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 Direct and Indirect Participants (herein defined), (2) Direct and Indirect Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner discussed herein. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One (1) fully-registered Bond certificate will be issued for each maturity of the Bonds, 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 (the "Direct Participants") deposit with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The holder of ownership interest of each actual purchase of each Bond (the "Beneficial 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-Only System is discontinued.

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

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

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such 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 the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in the section concerning DTC and the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer, and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar. 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 offices of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity series and 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 two (2) 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 (1) 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 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 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen, or Destroyed Bonds

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

Redemption of the Bonds

The Bonds maturing on September 1, 2032, 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 September 1, 2031, 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 by the Paying Agent/Registrar at least 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, 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 (1) 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.

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 Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Authority for Issuance

The Bonds are issued pursuant to (i) the Bond Resolution adopted by the Board on the date of the sale of the Bonds; (ii) Article III, Section 52 of the Texas Constitution and general laws of Texas, particularly Chapters 49 and 51 and certain assumed powers of Chapter 53 of the Texas Water Code, as amended; and (iii) a bond election held in the District on November 3, 2020, and passed by majority of voting qualified voters.

Before the Bonds are issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained herein.

Issuance of Additional Debt

The Bonds constitute the third series of unlimited tax bonds issued by the District from the $121,635,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring a road system to serve the District (the "Road System"). The District's voters have also authorized $225,883,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a water, wastewater and a drainage system to serve the District (the "Utility System") and $225,883,000 for the further purpose of refunding such bonds. Additionally, voters of the District authorized $102,088,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District (the "Park System"), $102,088,000 for the further purpose of refunding such bonds and $121,635,000 for the purpose of refunding bonds issued for the Road System. Following the issuance of the Bonds, $107,655,000 principal amount of unlimited tax bonds for the Road System; $196,858,000 principal amount of unlimited tax bonds for the Utility System; and $102,088,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued The District's issuance of bonds for the purpose of acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately $22,600,000 for the expenditures to develop the District.

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the District is limited to 1% of the District's taxable assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

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

Funds

The Bond Resolution confirms the District's debt service fund for payment of debt service on the Bonds and any other bonds issued by the District for the purpose of acquiring or constructing the Road System, or for the purpose of refunding such bonds (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 issued by the District for the Road System, including the Bonds, the Outstanding Bonds issued for the Road System and any additional 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 only for payment of such bonds. Amounts on deposit in the Road System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the Road System, including the Bonds, the Outstanding Bonds issued for the Road System and any additional bonds issued by the District for the Road System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the Road System, including the Bonds, the Outstanding Bonds issued for the Road System and any additional bonds issued by the District for the Road System will also be deposited into the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Road System, including the Bonds, the Outstanding Bonds issued for the Road System and any additional bonds issued by the District for the Road System and are not available to pay debt service on the bonds issued by the District for the Utility System.

In connection with the issuance of 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 owners of the bonds issued by the District for the Utility System, and any additional bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the Utility System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the Utility System, including the Outstanding Bond issued for the Utility System, and any additional bonds issued by the District for the Utility System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Funds in the Utility System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Utility System, and any additional bonds issued by the District for the Utility System and are not available to pay debt service on the bonds issued by the District for the Road System, including the Bonds, or any additional bonds issued by the District for the Road System.

Outstanding Bonds

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and four series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, of which $38,675,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

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 within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and the Bexar Appraisal District ("BAD") and Medina County Appraisal District ("MCAD", together with BAD, the "Appraisal Districts") fees. Tax proceeds, after deduction for collection costs, will be placed into the applicable debt service fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Road System, and additional bonds payable from taxes which may be issued for the Road System, and Paying Agent/Registrar fees.

The Bonds are obligations solely of the District and are not the obligations of Texas; the Counties; or any entity other than the District.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986 (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.

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 the redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of Texas a sum of money equal to 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 non-callable obligations of the United States, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable 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.

Consolidation

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) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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 principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the applicable 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 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 do 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 principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds of the sale of the Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Bonds.

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

CONSTRUCTION COSTS	Total
A. Developer Contribution Items	
1. Redbird Ranch Phase 2 Unit 4M-3 – Onsite Street Improvements, Earthwork, Clearing, SWPPP Items	$ 371,804
2. Redbird Ranch Phase 2 Unit 1M-6 – Onsite Street Improvements, Earthwork, Clearing, SWPPP Items	762,853
3. Redbird Ranch Phase 2 Unit 3M-3B – Onsite Street Improvements, Earthwork, Clearing, SWPPP Items	544,107
4. Engineering	137,973
Total Developer Contribution Items	$ 1,816,738
B. District Contribution Items – None	$ -
TOTAL CONSTRUCTION COSTS (79.51%) of BIR)	$ 1,816,738
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 71,550
B. Financial Advisor Fees	47.700
C. Interest	
1. Developer Interest	336,545
D. Bond Discount	71,430
E. Bond Issuance Costs	38,532
F. Attorney General Fee (0.10%)	2,385
G. Contingency (a)	120
TOTAL NON-CONSTRUCTION COSTS	$ 568,262
TOTAL BOND ISSUE REQUIREMENT	**$2,385,000**

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

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

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THE DISTRICT

Authority

The District is operating under the authority of Chapters 49 and 51 of the Texas Water Code, as amended, as a Water Control and Improvement District with retained powers of a road district under Chapter 53, Texas Water Code. The District was created as a fresh water supply district by Order of the Commissioners Court of Medina County on December 19, 2019. The District held an election on May 2, 2020 to confirm the District and assume road powers of a road district pursuant to Article III, Section 52(b)(3) of the Texas Constitution. The District converted from a fresh water supply district operating under Chapter 53, Texas Water Code, to a water control and improvement district operating under Chapter 51, Texas Water Code, by order of the Board dated June 4, 2020 but retained the powers of a road district. The District submitted an application for additional wastewater and drainage powers to the TCEQ on April 2, 2020 and received authorization for acquisition of wastewater and drainage powers on October 21, 2020. The District held a bond and tax election on November 3, 2020. The rights, powers, privileges, authority, and functions of the District are established by the general laws of Texas pertaining to water control and improvement districts, including particularly Chapters 49 and 51 of the Texas Water Code; and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District is subject to the continuing supervision of the TCEQ for utility and park purposes.

The District was previously named Redbird Ranch Fresh Water Supply District No. 2 of Medina County. On April 4, 2024, the Board approved a Resolution to change the District's name to Redbird Ranch Water Control and Improvement District No. 2 and by order dated October 29, 2024, the TCEQ approved such request.

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 stormwater.

The District is also authorized to finance road improvements and construct, develop, and maintain park and recreational facilities. In addition, the District, after complying with certain requirements set forth in the Texas Water Code, is authorized to establish, operate, and maintain a fire department, independently or with one (1) or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. See "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

Description

The District is not located within any city's extraterritorial jurisdiction. Approximately 264.67 acres of the District is located in Medina County, Texas and the remaining approximately 169.10 acres is located within Bexar County, Texas. The District is located approximately 20 miles west of the City's downtown and is approximately two (2) miles northwest of the State Highway 211 and Potranco Road intersection and directly east of County Road 381.

Management of the District

The District is governed by the Board, consisting of five (5) Directors, who have control over and management supervision of all affairs of the District. All of the Directors own land within in the District. The Directors serve four (4)-year staggered terms. Elections are held in even numbered years in November. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Michael Kent	President	2030
Aaron Parenica	Vice President	2030
John Moake	Secretary	2028
Mellick Sykes	Assistant Vice President	2028
Mary Stewart	Assistant Secretary	2028

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 obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas CLASS, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector

The District's Tax Assessor/Collector is Utility Tax Service, LLC., Houston, Texas (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal Districts and bills and collects such levy.

Bookkeeper

The District's bookkeeper is Municipal Accounts & Consulting, L.P., Houston, Texas.

Utility System Operator

The public operator of the Utility System serving all sewer customers in Bexar and Medina Counties of the District and water customers in Bexar County is San Antonio Water System ("SAWS") and the private operator serving water customers only in Medina County is Yancey Water Supply Corporation ("WSC").

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which financial statements are filed with the TCEQ. The District's financial statements for the fiscal year ended December 31, 2025, were audited by McGrath & Co., PLLC, Houston, Texas (the "Auditor"), and are attached hereto as "APPENDIX A."

Engineer

The consulting engineer for the District in connection with the design and construction of the facilities for which a portion of the Bonds are being sold to reimburse the Developer is Pape-Dawson Consulting Engineers, LLC, San Antonio, Texas (the "Engineer"). The Engineer has also been employed by the Developer in connection with certain planning activities and the design of certain streets and related improvements within the District.

Bond & General Counsel

The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, 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 issuance and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as general counsel to the District on matters other than the issuance of bonds.

Disclosure Counsel

McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor

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

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DEVELOPMENT WITHIN THE DISTRICT

To date, approximately 355.70 acres (1,739 lots) within the District have been developed as the single-family residential subdivision of Redbird Ranch. As of October 8, 2026, 1,435 homes were complete (1,435 occupied), 60 homes were under construction, and 244 lots were developed and vacant. The remaining land within the District includes approximately 6.94 undeveloped but developable acres and approximately 71.14 undevelopable acres.

Section	Type of Development	Acreage	No. of Lots	Homes Complete	Homes Under Construction	Vacant Lots
Redbird Ranch Phase 2 Unit 1M-1	Single Family	38.15	136	133	0	3
Redbird Ranch Phase 2 Unit 1M-2	Single Family	18.87	122	122	0	0
Redbird Ranch Phase 2 Unit 1M-3	Single Family	18.73	119	119	0	0
Redbird Ranch Phase 2 Unit 1M-4	Single Family	24.89	120	120	0	0
Redbird Ranch Phase 2 Unit 1M-5	Single Family	23.79	132	132	0	0
Redbird Ranch Phase 2 Unit 3M-3A	Single Family	10.44	42	42	0	0
Redbird Ranch Phase 2 Unit 4M-1	Single Family	16.47	91	91	0	0
Redbird Ranch Phase 2 Unit 4M-2	Single Family	19.33	72	72	0	0
Redbird Ranch Phase 2 Unit 4M-3	Single Family	29.09	140	138	0	2
Redbird Ranch Phase 2 Unit 1M-6	Single Family	23.31	137	137	0	0
Redbird Ranch Phase 2 Unit 3M-3B	Single Family	18.18	99	97	2	0
Redbird Ranch Phase 2 Unit 3M-1	Single Family	37.68	157	126	14	17
Redbird Ranch Phase 2 Unit 5M	Single Family	27.83	105	93	1	11
Redbird Ranch Phase 2 Unit 3M-4	Single Family	22.58	120	13	43	64
Redbird Ranch Phase 2 Unit 3M-5	Single Family	26.36	147	0	0	147
Subtotal		355.70	1,739	1,435	60	244
Undevelopable		71.14				
Remaining Developable		6.94				
Total District Acreage		433.78				

HOMEBUILDER ACTIVE WITHIN THE DISTRICT

The homebuilder active within the District is D.R. Horton ("DH"). Prices of new homes being constructed within the District range in price from approximately $194,500 to over $347,525, and in size from approximately 1,156 square feet to over 2,678 square feet.

DESCRIPTION OF THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a water control and improvement district such as the District include purchasing the land within the District, designing the subdivisions, designing the utilities and streets to be constructed in the subdivisions, 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, Developer, or other third parties. In some instances, the Developer will be required to pay up to 30% of the cost of constructing certain of the water, wastewater, and drainage facilities in a district pursuant to the rules of the TCEQ. The relative success or failure of a Developer to perform such activities in development of property within a district may have a profound effect on the security of the unlimited tax bonds issued by such district. A Developer is generally under no obligation to a district to develop the property which it owns. 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 usually the major taxpayer within a district during the initial 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.

Description of the Developer

The developer of land within the District is Continental Homes of Texas, L.P. ("Continental" or the "Developer").

Continental is a subsidiary of D.R. Horton-Texas, Ltd., a Texas limited partnership, which is a subsidiary of and controlled by D.R. Horton, Inc. ("DHI"). DHI is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI".

Audited financial statements for DHI can be found online at https://investor.drhorton.com. DHI is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by DHI can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning Continental is included as part of the consolidated financial statements of DHI. However, DHI is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property within the District, or to pay any other obligations of Continental. Further, neither Continental or DHI is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Continental or DHI has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and Continental may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of Continental and DHI is subject to change at any time. Because of the foregoing, financial information concerning Continental and DHI will neither be updated nor provided following issuance of the Bonds.

As of October 8, 2026, Continental owned approximately 244 vacant developed lots, and approximately 6.94 acres of the remaining undeveloped land within the District.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(September 2026)













PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(September 2026)













DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the annual debt service requirements on the Outstanding Bonds, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

		The Bonds			
Year	Outstanding Debt Service	Principal	Interest	Total Debt Service	Total Debt Service
2027	$ 2,745,279	$ 80,000	$ 88,941	$ 168,941	$ 2,914,219
2028	2,732,766	45,000	115,944	160,944	2,893,710
2029	2,707,004	50,000	112,681	162,681	2,869,685
2030	2,688,904	55,000	109,056	164,056	2,852,960
2031	2,681,479	55,000	105,069	160,069	2,841,548
2032	2,673,516	60,000	101,081	161,081	2,834,598
2033	2,667,566	60,000	98,081	158,081	2,825,648
2034	2,661,916	65,000	95,081	160,081	2,821,998
2035	2,677,666	70,000	91,831	161,831	2,839,498
2036	2,680,504	75,000	88,331	163,331	2,843,835
2037	2,695,916	80,000	84,581	164,581	2,860,498
2038	2,703,216	80,000	80,581	160,581	2,863,798
2039	2,716,704	85,000	76,581	161,581	2,878,285
2040	2,721,829	90,000	72,438	162,438	2,884,266
2041	2,737,779	95,000	68,163	163,163	2,900,941
2042	2,754,916	105,000	63,650	168,650	2,923,566
2043	2,751,760	110,000	58,663	168,663	2,920,423
2044	2,768,914	115,000	53,438	168,438	2,937,351
2045	2,775,823	120,000	47,975	167,975	2,943,798
2046	2,782,863	130,000	42,275	172,275	2,955,138
2047	2,798,808	135,000	36,100	171,100	2,969,908
2048	2,804,395	145,000	29,688	174,688	2,979,083
2049	2,004,825	150,000	22,800	172,800	2,177,625
2050	740,250	160,000	15,675	175,675	915,925
2051	–	170,000	8,075	178,075	178,075
Total	$ 62,674,596	$ 2,385,000	$ 1,766,778	$ 4,151,778	$ 66,826,374

Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027–2051) $2,673,055

Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2048) $2,979,083

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Selected Financial Information

2026 Taxable Assessed Valuation (100% of the market valuation as of January 1, 2026)	$	314,443,758	(a)
Estimated Taxable Assessed Valuation (100% of the estimated market valuation)	$	328,472,210	(b)
Direct Debt:			
The Outstanding Bonds (as of delivery of the Bonds)	$	38,675,000	
The Bonds	$	2,385,000	
Total	$	41,060,000	
Estimated Overlapping Debt	$	26,883,310	(c)
Total Direct and Estimated Overlapping Debt	$	67,943,310	(c)
Direct Debt Ratios:			
As a Percentage of the 2026 Taxable Assessed Valuation		13.06	%
As a Percentage of the Estimated Taxable Assessed Valuation		12.50	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2026 Taxable Assessed Valuation		21.61	%
As a Percentage of the Estimated Taxable Assessed Valuation		20.68	%
Utility System Debt Service Fund Balance (as of October 1, 2026)	$	597,823	(d)
Road System Debt Service Fund Balance (as of October 1, 2026)	$	279,401	(e)
Utility System Capital Projects Fund Balance (as of October 1, 2026)	$	201,251	
Road System Capital Projects Fund Balance (as of October 1, 2026)	$	61,610	
General Operating Fund Balance (as of October 1, 2026)	$	807,971	
2026 Tax Rate per $100 of Taxable Assessed Valuation:			
Utility Debt Service		$ 0.635	
Road Debt Service		$ 0.300	
Maintenance and Operations		$ 0.065	
Total		$ 1.000	
Average Annual Debt Service Requirement (2027–2051)	$	2,673,055	(f)
Maximum Annual Debt Service Requirement (2048)	$	2,979,083	(f)
Combined Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2027–2051) at 95% Collections:			
Based on the 2026 Taxable Assessed Valuation		$ 0.90	
Based on the Estimated Taxable Assessed Valuation		$ 0.86	
Combined Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2048) at 95% Collections:			
Based on the 2026 Taxable Assessed Valuation		$ 1.00	
Based on the Estimated Taxable Assessed Valuation		$ 0.96	

(a) All taxable property located in the District is valued on the applicable appraisal roll of the Bexar Central Appraisal District ("BAD") or the Medina County Appraisal District ("MCAD," and together with BAD, the "Appraisal Districts") as of January 1, 2026. Such amount includes $8,960,344 of assessed valuation, which represents 80% of assigned value to properties that remain under review by the BAD. All property located in the District is valued on the tax rolls by the Appraisal Districts at 100% of estimated market value as of January 1 of each year. See "TAXING PROCEDURES" and "TAX DATA."

(b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all property located within the District by the BAD as of August 15, 2026, and by the MCAD as of September 9, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026, through August 15, 2026, and September 9, 2026, respectively. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Direct and 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 (herein defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on Road System 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 Utility System Bonds, including the Bonds.

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

Unlimited Tax Bonds Authorized but Unissued

Date of Authorization	Purpose	Amount Authorized	Amount Issued to Date	Remaining Unissued
11/3/2020	Utility System (b)	$ 225,883,000	$ 29,025,000	$ 196,858,000
11/3/2020	Road System (b)	121,635,000	13,980,000 (a)	107,655,000
11/3/2020	Park System (b)	102,088,000	–	102,088,000

(a) Includes the Bonds.
(b) District voted propositions for refunding bonds for each purpose in same par amounts.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from 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.

Taxing Jurisdiction	Outstanding Debt August 31, 2026	Overlapping Percent	Overlapping Amount
Medina County	$ 33,495,000	3.97%	$ 1,330,010
Medina County Hospital District	–	–	–
Medina County Groundwater Conservation District	–	–	–
County FM Road	–	–	–
Medina Valley Independent School District	662,267,885	2.35%	15,567,389
Medina County Emergency Service District No.1	–	–	–
Bexar County Road & Flood	–	–	–
San Antonio River Authority	–	–	–
Alamo Community College	924,810,000	0.11%	1,059,766
Bexar County Hospital District	1,184,305,000	0.12%	1,448,108
Bexar County	2,078,020,000	0.13%	2,605,261
Northside Independent School District	2,345,255,000	0.21%	4,872,776
Bexar County Emergency Service District No. 2	–	–	–
Total Estimated Overlapping Debt			$ 26,883,310
The District (a)			$ 41,060,000
Total Direct & Estimated Overlapping Debt (a)			$ 67,943,310

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

Direct Debt Ratios (a):	
As a Percentage of the 2026 Taxable Assessed Valuation	13.06 %
As a Percentage of the Estimated Taxable Assessed Valuation	12.50 %
Direct and Estimated Overlapping Debt Ratios (a):	
As a Percentage of the 2026 Taxable Assessed Valuation	21.61 %
As a Percentage of the Estimated Taxable Assessed Valuation	20.68 %

(a) Includes the Bonds and the Outstanding Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District in sufficient amount to pay principal of and interest on the Bonds and the Outstanding Bonds. The Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. See "INVESTMENT CONSIDERATIONS – Future Debt." The District agrees in the Bond Resolution to levy such a tax from year to year as discussed 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's Utility System and a maintenance and operation tax for the Road System. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal Districts

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

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 Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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 certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. The District has never adopted a homestead exemption.

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

***Freeport Goods and Goods-in-Transit Exemption*:** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 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 (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The Counties may designate all or part of the area within the District and within the respective county, as a reinvestment zone. Thereafter, the respective Counties 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 10 years, all or any part of any increase in the taxable assessed valuation of property covered by the agreement over its taxable 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. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, neither County has designated any part of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. 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% 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 (1) 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 (3) years, for open space land and timberland.

The Property Tax Code requires the Appraisal Districts to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal Districts at least once every two (2) years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts 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 Districts 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 Districts 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 (herein defined). 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 Districts is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Boards 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 Districts to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals 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, 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional 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 1% for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected 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 taxes, 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) 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.

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 jurisdiction, such as the District, if the taxpayer pays at least 1/4th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in two (2) equal installments within six (6) months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction, such as the District, solely at the jurisdiction's 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code classifies districts differently based on the current maintenance and operations tax rate or on the percentage of build-out that the District has completed. Districts that have adopted a maintenance and operations tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified 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 maintenance and operations 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 maintenance and operations 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 or the President (herein defined), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the maintenance and operations tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax 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 maintenance and operations tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations 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 the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board 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 Texas and 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 six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of two separate annual ad valorem taxes, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay principal of and interest on the Bonds and the Outstanding Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2026 tax year, the District levied a total tax rate of $1.000 per $100 of assessed valuation made up of the following: a tax rate of $0.635 per $100 of assessed valuation for payment of debt service on bonds issued for the Utility System; a tax rate of $0.30 per $100 of assessed valuation for payment of debt service on bonds issued for the Road System; and a tax rate of $0.0625 per $100 of assessed valuation for maintenance and operation purposes. The District has levied a total tax rate of $1.00 per $100 of assessed valuation for the 2026 tax year.

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 Operations:	$1.00 per $100 assessed valuation.
Maintenance and Operations (Road):	$0.25 per $100 assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all of or any part of the Bonds remain outstanding and unpaid, taxes adequate to provide funds to pay the principal of and interest on the Bonds.

In the Bond Resolution, the Board also covenants to deposit into the Road System Debt Service Fund the proceeds from all taxes levied, appraised, and collected for payment of the Bonds authorized by the Bond Resolution.

For the 2026 tax year, the District levied a tax rate of $0.635 per $100 of assessed valuation for payment of debt service on bonds issued for the Utility System and a tax rate of $0.30 per $100 of assessed valuation for payment of debt service on bonds issued for the Road System.

Maintenance Tax

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 and operations tax is authorized by vote of the District's electors. On November 3, 2020, the Board was authorized by a vote of the District's electors to levy such maintenance and operations tax in an amount not to exceed $1.00 per $100 of assessed valuation. The Board is authorized by the District's voters to levy a maintenance tax for road improvements in an amount not to exceed $0.25 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future.

For the 2026 tax year, the District levied a tax rate of $0.065 per $100 of taxable assessed valuation for maintenance and operation purposes.

Tax Exemptions

To date, the District has not adopted any form of exemption from ad valorem taxation. See "TAXING PROCEDURES."

Additional Penalties

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

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 which 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 taxable assessed valuation as of January 1, 2026 ($314,443,758), or the Estimated Taxable Assessed Valuation ($328,472,210). The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement (2027–2051)	$ 2,673,055
Tax Rate of $0.90 on the 2026 Taxable Assessed Valuation Produces	$ 2,688,494
Tax Rate of $0.86 on the Estimated Taxable Assessed Valuation Produces	$ 2,683,618
Maximum Annual Debt Service Requirement (2048)	$ 2,979,083
Tax Rate of $1.00 on the 2026 Taxable Assessed Valuation Produces	$ 2,987,216
Tax Rate of $0.96 on the Estimated Taxable Assessed Valuation Produces	$ 2,995,667

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, 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. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

Set forth below is an estimation of all taxes per $100 of taxable 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. The following chart includes the 2026 taxes per $100 of taxable assessed valuation levied by all such taxing jurisdictions.

	2026 Tax Rate	
Taxing Jurisdiction	**Medina County**	**Bexar County**
The District	$ 1.000000	$1.000000
Medina County	0.360400	–
Medina County Hospital District	0.100000	–
Medina County Groundwater Conservation District	0.006094	–
County FM Road	0.083000	–
Medina Valley Independent School District	1.126600	–
Medina County Emergency Service District No. 1	0.100000	–
Bexar County Road & Flood	–	0.014036
San Antonio River Authority	–	0.019300
Alamo Community College	–	0.166650
Bexar County Hospital District	–	0.276235
Bexar County	–	0.285963
Northside Independent School District	–	1.034900
Bexar County Emergency Service District No. 2	–	0.089845
Total	$ 2.776094	$ 2.886929

Taxable Assessed Valuation Summary

The following represents the type of property comprising the District's 2022-2026 tax rolls, as certified by the Appraisal Districts.

Type of Property	2026 Taxable Assessed Valuation (a)	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation
Land	$ 67,949,089	$ 63,825,756	$ 48,973,511	$ 42,087,935	$ 22,694,340
Improvements	291,435,098	240,228,994	174,034,943	125,785,420	26,635,810
Personal Property	13,490	—	—	—	—
Exemptions	(53,914,263)	(40,384,201)	(25,067,876)	(14,404,465)	(2,272,897)
Total	$ 305,483,414	$ 263,670,549	$ 197,940,578	$ 153,468,890	$ 47,057,253

(a) Such amount does not include $8,960,344 of assessed valuation assigned to properties that remain under review by the BAD.

Historical Collections

The following represents the historical tax collections for the District's 2021-2025 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 12/31	Collections 8/31/2026
2021	$ 5,984,562	$1.000	$ 59,846	100.00%	2021	100.00%
2022	47,057,253	1.000	470,573	100.00%	2022	100.00%
2023	153,468,890	1.000	1,534,689	99.70%	2023	99.82%
2024	197,940,578	1.000	1,979,406	99.17%	2024	99.52%
2025	263,670,549	1.000	2,636,705	99.05%	2025	99.05%

(a) Total tax rate per $100 of taxable assessed valuation for each respective tax year. See "TAX DATA – Tax Rate Distribution."

Tax Rate Distribution

The following represents the components of the tax rate for the District's 2022-2026 tax years.

	2026	2025	2024	2023	2022
Utility System Debt Service	$ 0.6350	$ 0.6750	$ 0.5350	$ 0.4600	$ 0.0000
Road System Debt Service	0.3000	0.2625	0.3350	0.2650	0.0000
Maintenance and Operations	0.0650	0.0625	0.1300	0.2750	1.0000
Total	$1.0000	$1.0000	$ 1.0000	$ 1.0000	$ 1.0000

Principal Taxpayers

The following represents the principal taxpayers on the District's 2026 tax roll, as certified by the Appraisal Districts.

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	% of Assessed Valuation
Purchasing Fund 2023-1 LLC (b)	Land & Improvements	$ 1,972,725	0.65%
Continental Homes of Texas LP (a)	Land & Improvements	1,719,748	0.56%
Homeowner	Land & Improvements	1,210,000	0.40%
Hudson SFR Property Holdings II LLC	Land & Improvements	1,128,000	0.37%
Power of Dreams SAT LLC	Land & Improvements	686,310	0.22%
Confidential	Land & Improvements	649,130	0.21%
Homeowner	Land & Improvements	555,400	0.18%
Homeowner	Land & Improvements	550,070	0.18%
Homeowner	Land & Improvements	515,098	0.17%
Homeowner	Land & Improvements	481,120	0.16%
Total		$ 9,467,601	
Percent of Respective Tax Roll			3.10%

(a) See "HOMEBUILDER ACTIVE WITHIN THE DISTRICT" and "DESCRIPTION OF THE DEVELOPER,"
(b) Such taxpayer is an investor entity which purchases homes from DR Horton for the purpose of rental and resale.

THE UTILITY SYSTEM

Regulation

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's water supply and water distribution within Bexar County is provided by San Antonio Water Services operating under Certificate of Convenience and Necessity No. 10640 ("CCN No. 10640") and doing business as San Antonio Water System (SAWS). The District's water supply and water distribution within Medina County is provided by a separate entity operating under Certificate of Convenience and Necessity No. 11463 ("CCN No. 11463") and doing business as Yancey Water Supply Corporation. The District does not have any interconnects.

The District does not own or operate any water supply facilities.

Wastewater Treatment Facilities

Wastewater collection and treatment is provided by SAWS, operating under Certificate of Convenience and Necessity No. 20285 ("CCN No. 20285") for wastewater collection and treatment. The District does not own or operate any wastewater treatment facilities.

Storm-Water Drainage Facilities

The District is located within the Lower Medina River watershed. No area within the District falls within the 100-year FEMA floodplain as shown on FEMA FIRM Map Panel 48325C0400D, 48029C0335F and 48029C0345F.

Storm water runoff within the District is routed through a concrete curb and gutter paved street system with inlets to reinforced concrete pipe storm water collector lines, ranging in size from 24 to 48 inches in diameter that outfall into existing drainage channels located within the District. All drainage facilities ultimately outfall into the Medina River. The internal storm drainage collection system is sized to carry the design flows based on single-family residential land uses and the storm drainage requirements of the City of San Antonio, Bexar County and Medina County. The District is responsible for maintenance of future detention basins.

National Weather Service Atlas 14 Rainfall Study

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

THE ROAD SYSTEM

The road system serves residents of the District by providing access to the major thoroughfares and collectors within the development and surrounding area. The major thoroughfares and collectors serving the District are SH 211, Potranco Road, Galm Road, Goodenough Lane. The District will finance, design and construct the Road System in phases as development progresses. The District does not intend to maintain or operate the roads in Bexar County once they are accepted by Bexar County. The District will maintain roads in the Road System in Medina County.

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Operating Statement

The following is a schedule of revenues and expenditures associated with operations of the District's General Fund. The District does not operate the Utility System that serves the District, and therefore the District does not collect water and sewer revenues. The figures below for the fiscal years ended December 31, 2021, through December 31, 2025, were obtained from the District's audited financial statements for the fiscal year ended December 31, 2025, a copy of which is attached hereto as "APPENDIX A" and reference to which is hereby made.

	For Fiscal Year Ended 12/31				
	2025	2024	2023	2022	2021(a)
Revenues					
Property taxes	$ 255,143	$ 423,765	$ 467,349	$ 59,846	$ 953
Penalties and Interest	–	–	–	383	-
Miscellaneous	–	–	–	-	10
Investment earnings	33,039	33,841	13,355	12	11
Total Revenues	$ 288,182	$ 457,606	$ 480,704	$ 60,241	$ 974
Expenditures					
Operating and administrative					
Professional fees	$ 118,885	$ 127,760	$ 102,747	$ 46,267	$ 70,892
Contracted services	41,866	39,088	28,347	32,013	13,599
Administrative	15,375	20,490	12,827	12,566	12,364
Other	750	608	1,281	9,880	2,613
Total Expenditures	$ 176,876	$ 187,946	$ 145,202	$ 100,726	$ 99,468
Revenues Over/ (Under) Expenditures	$ 111,306	$ 269,660	$ 335,502	$ (40,485)	$ (98,494)
Other Financing Sources/(Uses)					
Developer advances	$ -	$ -	$ 25,646	$ 77,627	$ 103,485
Internal transfer	$ -	$ -	$ (65,333)	$ 25,926	$ -
Capital contribution	$ 65,808	$ -	$ -	$ -	$ -
Net Changes in Fund Balance	$ 177,114	$ 269,660	$ 295,815	$ 63,068	$ 4,991
Beginning Fund Balance	$ 630,943	$ 361,283	$ 65,468	$ 2,400	(2,591)
Ending Fund Balance	$ 808,057	$ 630,943	$ 361,283	$ 65,468	$ 2,400

(a) Unaudited.

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INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Medina County, Texas; Bexar County, Texas; or any entity other than the District. Medina County and Bexar County are collectively referred to herein as the "Counties". The Bonds will be secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The ultimate security for payment of principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the metropolitan area of the City of San Antonio, Texas (the "City"). New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Although as of October 8, 2026, residential development in the District included approximately 1,435 single-family homes (1,435 complete and occupied), the District cannot predict the pace or magnitude of future construction in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

***Developer Under No Obligation to the District*:** There is no commitment by or legal requirement of the Developer 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 WITHIN THE DISTRICT," "DESCRIPTION OF THE DEVELOPER," and "TAX DATA – Principal Taxpayers."

***Dependence on Principal Taxpayers*:** The ability of any principal landowner 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 under "TAX DATA – Principal Taxpayers," as of January 1, 2026, the District's top principal taxpayers owned property located within the District which comprised of, in aggregate, approximately 3.10% of the total taxable assessed valuation of all taxable property located within the District, and the Developer owned approximately 0.56% of the total taxable assessed valuation of all taxable property within the District. In the event that the Developer, another principal taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount that exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

***Maximum Impact on District Tax Rates*:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2026, of all taxable property located within the District is $314,443,758 and the Estimated Taxable Assessed Valuation is $328,472,210. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,979,083 (2048) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,673,055 (2027–2051). Assuming no decrease from the taxable assessed valuation as of January 1, 2026, tax rates of $1.00 and $0.90 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. Assuming no decrease from the Estimated Taxable Assessed Valuation tax rates of $0.96 and $0.86 per $100 of taxable assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, 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 anticipated District tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Vacant Developed Lots

As of October 8, 2026, approximately 244 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

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.

Competitive Nature of Residential Housing Market

The housing industry in the City's metropolitan area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein 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.

Special Flood Type Risks

The District may be subject to the following flood risks:

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

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

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, 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 and 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 meteorological events.

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 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 six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for 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 a 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 in order to pay principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS – Registered Owners' Remedies."

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidders for the Bonds (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 price of other bonds which are more generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Following the issuance of the Bonds, the District has the right to issue the remaining $107,655,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and $121,635,000 for the purpose of refunding such bonds; $196,858,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System, and $225,883,000 for the purpose of refunding such bonds;; and $102,088,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System, and $102,088,000 for the purpose of refunding such bonds; and such additional bonds as may hereafter be approved by both the Board and voters of the District. See "THE BONDS – Issuance of Additional Debt."

The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately $22,600,000 for the expenditures to develop the District.

The principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's taxable assessed value, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of the taxable property in the District. See "THE UTILITY SYSTEM," "THE ROAD SYSTEM," and "DEVELOPMENT WITHIN THE DISTRICT."

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act ("CAA") Amendments of 1990, the four-county San Antonio area ("San Antonio Area")-Bexar, Comal, Guadalupe, and Wilson Counties-has been designated an attainment/ unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard").

However, the San Antonio Area is currently designated as a "serious" nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could 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. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA' s ozone standards, the TCEQ has established a state implementation plan ("SIP") 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 San Antonio Area. It is possible that additional controls will be necessary to allow the San Antonio Area to maintain and/ or achieve attainment with the ozone standards. Such additional controls could have a negative impact on the San Antonio Area's economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed

other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

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

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.

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 by 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."

The 90th Texas Legislature

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

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 does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained herein.

Cybersecurity

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

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 Texas Constitution and laws of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit 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 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.

Bond Counsel has reviewed the information appearing under "THE BONDS" (except for information under the subheadings "Book-Entry-Only System," and "Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Bond Resolution approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained herein 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, Houston, Texas, 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 Purchaser a certificate, executed by the Board President and the Board Secretary, 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, 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 Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated herein, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included under "DISTRICT DEBT" (except under the subheadings "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2026. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas 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 EMMA within such six (6) month period, and audited financial statements when the audit report becomes available.

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

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 10 business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the 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 obligations" 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 Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results, operations, conditions, or prospects or to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered owners and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment 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 holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. 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 discussed under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports," an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure undertakings in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained herein has been obtained primarily from the District's records, the Engineer, the Developer, the Tax Assessor/Collector, 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. All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 for further information.

The District's financial statements for the fiscal year ended December 31, 2025, were audited by the Auditor and are attached hereto as "APPENDIX A." The Auditor has consented to the publication of such financial statements herein.

Experts

The information contained herein relating to engineering and to the description of the Utility System, and the Road System and, in particular, that engineering information included under "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description", "THE UTILITY SYSTEM" and "THE ROAD 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 herein relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations included under "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal Districts. 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 Districts' authority as an expert in the field of tax assessing.

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 this Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes this Official Statement to be materially misleading, and unless the Initial Purchaser elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notify 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 herein 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 Redbird Ranch Water Control and Improvement District No. 2 as of the date shown on the cover.

/s/Michael Kent
President, Board of Directors
Redbird Ranch Water Control and Improvement District No. 2

ATTEST:

/s/ John Moake
Secretary, Board of Directors
Redbird Ranch Water Control and Improvement District No. 2

APPENDIX A

Financial Statements of the District

REDBIRD RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

BEXAR AND MEDINA COUNTIES, TEXAS

FINANCIAL REPORT

December 31, 2025

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McGRATH & CO., PLLC

Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Redbird Ranch Water Control and Improvement District No. 2
Bexar and Medina Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Redbird Ranch Water Control and Improvement District No. 2 (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Redbird Ranch Water Control and Improvement District No. 2, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
April 2, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Redbird Ranch Water Control and Improvement District No. 2 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at December 31, 2025, was negative $41,292,288. The District's net position is negative because the District incurs debt to construct certain facilities which it conveys to other entities. A comparative summary of the District's overall financial position, as of December 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 4,894,165	$ 4,719,999
Capital assets	10,110,034	12,777,057
Total assets	15,004,199	17,497,056
Current liabilities	1,525,420	1,156,277
Long-term liabilities	52,101,575	45,642,560
Total liabilities	53,626,995	46,798,837
Total deferred inflows of resources	2,669,492	1,984,153
Net position		
Net investment in capital assets	(3,320,691)	(3,308,447)
Restricted	552,759	816,232
Unrestricted	(38,524,356)	(28,793,719)
Total net position	$ (41,292,288)	$ (31,285,934)

The total net position of the District decreased during the current fiscal year by $10,006,354. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	$ 1,994,000	$ 1,546,837
Other	148,685	124,184
Total revenues	2,142,685	1,671,021
Expenses		
Operating and administrative	226,086	227,256
Debt interest and fees	1,504,654	1,009,248
Developer interest	988,690	937,777
Debt issuance costs	732,327	982,968
Depreciation and amortization	513,540	450,579
Total expenses	3,965,297	3,607,828
Change in net position before other items	(1,822,612)	(1,936,807)
Other items		
Transfers to other governments	(8,183,742)	(7,611,969)
Change in net position	(10,006,354)	(9,548,776)
Net position, beginning of year	(31,285,934)	(21,737,158)
Net position, end of year	$ (41,292,288)	$ (31,285,934)

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2025, were $2,169,446, which consists of $808,057 in the General Fund, $1,105,039 in the Debt Service Fund and $256,350 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 1,001,274	$ 920,600
Total liabilities	$ 22,496	$ 29,481
Total deferred inflows	170,721	260,176
Total fund balance	808,057	630,943
Total liabilities, deferred inflows and fund balance	$ 1,001,274	$ 920,600

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 288,182	$ 457,606
Total expenditures	(176,876)	(187,946)
Revenues over expenditures	111,306	269,660
Other changes in fund balance	65,808	
Net change in fund balance	$ 177,114	$ 269,660

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2024 levy was recognized as revenues in the 2025 fiscal year, while the 2023 levy was recognized in the 2024 fiscal year (to the extent that these amounts were collected). While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 3,653,588	$ 2,859,991
Total liabilities	$ 21,243	$ 779
Total deferred inflows	2,527,306	1,733,978
Total fund balance	1,105,039	1,125,234
Total liabilities, deferred inflows and fund balance	$ 3,653,588	$ 2,859,991

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 1,803,220	$ 1,186,652
Total expenditures	(2,076,903)	(1,172,778)
Revenues over/(under) expenditures	(273,683)	13,874
Other changes in fund balance	253,488	305,069
Net change in fund balance	$ (20,195)	$ 318,943

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues and capitalized interest from the sale of bonds. The difference between

these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 256,500	$ 939,408
Total liabilities	$ 150	$ 24,250
Total fund balance	256,350	915,158
Total liabilities and fund balance	$ 256,500	$ 939,408

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 32,749	$ 22,154
Total expenditures	(10,898,069)	(10,487,261)
Revenues under expenditures	(10,865,320)	(10,465,107)
Other changes in fund balance	10,206,512	10,962,304
Net change in fund balance	$ (658,808)	$ 497,197

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2025 Unlimited Tax Bonds in the current fiscal year and the sale of its Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $113,127 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at December 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets being depreciated/amortized		
Infrastructure	$ 8,299,839	$ 10,642,216
Impact fees	3,042,840	3,042,840
	11,342,679	13,685,056
Less accumulated depreciation/amortization		
Infrastructure	(928,361)	(679,786)
Impact fees	(304,284)	(228,213)
	(1,232,645)	(907,999)
Capital assets, net	$ 10,110,034	$ 12,777,057

During the current year, the District reevaluated the ownership of certain storm drainage facilities previously reported as capital assets and determined that these facilities will be conveyed to other governmental entities for ownership and maintenance upon completion of construction. Accordingly, the District reduced capital assets by the net book value of these facilities and reported the amounts as transfers to other governments.

Capital asset additions during the current fiscal year include the following:

- Redbird Ranch Phase 2 – Reeves Loop drainage facilities
- Redbird Ranch Phase 2, Unit 3M-4 – road facilities

In accordance with agreements between the District's developers and San Antonio Water System ("SAWS") and Yancey Water Supply Corporation ("YWSC"), the District transfers all of its water and wastewater facilities to SAWS and YWSC, respectively. Additionally, Bexar County assumes responsibility (after a one-year maintenance period) for the maintenance of certain public roads and drainage facilities constructed within the county limits. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended December 31, 2025, the District reported transfers to other governments in the amount of $8,183,742 for projects completed and transferred to other entities. See Note 9 for additional information.

Long-Term Debt and Related Liabilities

As of December 31, 2025, the District owes approximately $13,426,575 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $3,400,000 for a project under construction by its developers. As noted, the District will owe its developer for this project upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At December 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2023A	$ 10,000,000	$ 10,235,000
2023B	975,000	990,000
2023 Road	7,190,000	7,350,000
2024	6,865,000	7,100,000
2024 Road	4,105,000	4,245,000
2025	10,460,000	
	$ 39,595,000	$ 29,920,000

During the current fiscal year, the District issued $10,460,000 in unlimited tax bonds. At December 31, 2025, the District had $196,858,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $225,883,000 for the refunding of such bonds; $102,088,000 for parks and recreational facilities and $102,088,000 for the refunding of such bonds; and $110,040,000 for road improvements and $121,635,000 for the refunding of such bonds.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	$ 288,182	$ 166,555
Total expenditures	(176,876)	(212,050)
Revenues over/(under) expenditures	111,306	(45,495)
Other changes in fund balance	65,808	
Net change in fund balance	177,114	(45,495)
Beginning fund balance	630,943	808,057
Ending fund balance	$ 808,057	$ 762,562

Basic Financial Statements

Redbird Ranch Water Control and Improvement District No. 2
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 4,142	$ 64,550	$ 34	$ 68,726	$ -	$ 68,726
Investments	748,060	1,131,529	256,466	2,136,055		2,136,055
Taxes receivable	166,067	2,457,509		2,623,576		2,623,576
Interfund receivables	17,197			17,197	(17,197)	
Due from other governments	65,808			65,808		65,808
Capital assets, net					10,110,034	10,110,034
Total Assets	$ 1,001,274	$ 3,653,588	$ 256,500	$ 4,911,362	10,092,837	15,004,199
Liabilities						
Accounts payable	$ 22,496	$ -	$ -	$ 22,496		22,496
Other payables		4,196		4,196		4,196
Interfund payables		17,047	150	17,197	(17,197)	
Accrued interest payable					578,728	578,728
Due to developer					13,426,575	13,426,575
Long-term debt						
Due within one year					920,000	920,000
Due after one year					38,675,000	38,675,000
Total Liabilities	22,496	21,243	150	43,889	53,583,106	53,626,995
Deferred Inflows of Resources						
Deferred property taxes	170,721	2,527,306		2,698,027	(28,535)	2,669,492
Fund Balances/Net Position						
Fund Balances						
Restricted		1,105,039	256,350	1,361,389	(1,361,389)	
Unassigned	808,057			808,057	(808,057)	
Total Fund Balances	808,057	1,105,039	256,350	2,169,446	(2,169,446)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,001,274	$ 3,653,588	$ 256,500	$ 4,911,362		
Net Position						
Net investment in capital assets					(3,320,691)	(3,320,691)
Restricted for debt service					552,759	552,759
Unrestricted					(38,524,356)	(38,524,356)
Total Net Position					$ (41,292,288)	$ (41,292,288)

See notes to basic financial statements.

Redbird Ranch Water Control and Improvement District No. 2
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 255,143	$ 1,708,288	$ -	$ 1,963,431	$ 14,433	$ 1,977,864
Penalties and interest		12,035		12,035	4,101	16,136
Miscellaneous		8,904		8,904		8,904
Investment earnings	33,039	73,993	32,749	139,781		139,781
Total Revenues	288,182	1,803,220	32,749	2,124,151	18,534	2,142,685
Expenditures/Expenses						
Operating and administrative						
Professional fees	118,885			118,885		118,885
Contracted services	41,866	33,474		75,340		75,340
Administrative	15,375	9,040		24,415		24,415
Other	750	6,696		7,446		7,446
Capital outlay			9,177,052	9,177,052	(9,177,052)	
Debt service						
Principal		785,000		785,000	(785,000)	
Interest and fees		1,242,693		1,242,693	261,961	1,504,654
Developer interest			988,690	988,690		988,690
Debt issuance costs			732,327	732,327		732,327
Depreciation and amortization					513,540	513,540
Total Expenditures/Expenses	176,876	2,076,903	10,898,069	13,151,848	(9,186,551)	3,965,297
Revenues Over/(Under) Expenditures/Expenses	111,306	(273,683)	(10,865,320)	(11,027,697)	9,205,085	(1,822,612)
Other Financing Sources						
Proceeds from sale of bonds		253,488	10,206,512	10,460,000	(10,460,000)	
Capital contribution	65,808			65,808	(65,808)	
Other Items						
Transfers to other governments					(8,183,742)	(8,183,742)
Net Change in Fund Balances	177,114	(20,195)	(658,808)	(501,889)	501,889	
Change in Net Position					(10,006,354)	(10,006,354)
Fund Balance/Net Position						
Beginning of the year	630,943	1,125,234	915,158	2,671,335	(33,957,269)	(31,285,934)
End of the year	$ 808,057	$ 1,105,039	$ 256,350	$ 2,169,446	$ (43,461,734)	$ (41,292,288)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Redbird Ranch Water Control and Improvement District No. 2 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established as Redbird Ranch Fresh Water Supply District No. 2 of Medina County pursuant to an order of the Commissioners Court of Medina County, dated December 19, 2019, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 53. On October 29, 2024, the District obtained approval from TCEQ to change the District's name to Redbird Ranch Water Control and Improvement District No. 2. The Board of Directors held its first meeting on February 6, 2020, and the first bonds were issued on June 15, 2023.

The District's primary activities include construction of water, sewer and drainage, park and recreational, and road facilities within the District. As further discussed in Note 9, the District transfers certain facilities to other entities for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities.*

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific

purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities, road improvements, and park and recreational facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is eliminated in the government-wide financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of drainage and road facilities and impact fees paid to the San Antonio Water System, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	20-40 years
Impact fees	Remaining life of contract

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2025 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2025 property tax levy, which was levied to finance the 2026 fiscal year.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the

extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to other entities and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 2,169,446
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 11,342,679	
Less accumulated depreciation	(1,232,645)	
		10,110,034
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(578,728)	
Due to developer	(13,426,575)	
Bonds payable	(39,595,000)	
		(53,600,303)
Deferred inflows in the fund statements consist of the unavailable portion of property taxes , as well as collections of the District's 2025 property tax levy. In the *Statement of Net Position* , deferred inflows consist of the entire 2025 property tax levy.		
Fund level deferred property taxes	2,698,027	
Government-wide level deferred property taxes	(2,669,492)	
		28,535
Total net position - governmental activities		$ (41,292,288)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ (501,889)
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		18,534
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 9,177,052	
Transfers to other governments	(8,183,742)	
Depreciation/amortization expense	(513,540)	
Capital contribution	(65,808)	
		413,962
Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Issuance of long-term debt	(10,460,000)	
Principal payments - bonds	785,000	
Interest expense accrual	(261,961)	
		(9,936,961)
Change in net position of governmental activities		$ (10,006,354)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of December 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Texas CLASS	General	$ 748,060			
	Debt Service	627,012			
	Capital Projects	196,384			
		1,571,456	74%	AAAm	45 days
TexPool	Debt Service	504,517			
	Capital Projects	60,082			
		564,599	26%	AAAm	35 days
Total		$ 2,136,055	100%		

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Texas CLASS

The District also participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administrator and UMB Bank N.A., as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs.

The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances

Amounts due to/from other funds at December 31, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 17,047	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	150	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets being depreciated/amortized				
Infrastructure	$ 10,642,216	$ 1,385,841	$ (3,728,218)	$ 8,299,839
Impact fees	3,042,840			3,042,840
	13,685,056	1,385,841	(3,728,218)	11,342,679
Less accumulated depreciation/amortization				
Infrastructure	(679,786)	(437,469)	188,894	(928,361)
Impact fees	(228,213)	(76,071)		(304,284)
	(907,999)	(513,540)	188,894	(1,232,645)
Capital assets, net	$ 12,777,057	$ 872,301	$ (3,539,324)	$ 10,110,034

Depreciation expense for the current fiscal year was $513,540.

During the current fiscal year, the District reevaluated the ownership of certain storm drainage facilities previously reported as capital assets and determined that these facilities will be conveyed to other governmental entities for ownership and maintenance upon completion of construction. Accordingly, the District removed the related capital assets from its records and recognized a transfer to other governments in the government-wide financial statements in the amount of $3,539,324, representing the net book value of the facilities as of the beginning of the fiscal year.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

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

Due to developers, beginning of year	$ 16,507,560
Developer reimbursements	(9,177,052)
Developer funded construction and adjustments	6,096,067
Due to developers, end of year	$ 13,426,575

In addition, the District will owe the developers approximately $3,400,000, which is included in the schedule of contractual commitments below. This project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Redbird Ranch Unit 3M-5 - utilities and paving	$ 3,400,000

* Rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 39,595,000
Due within one year	$ 920,000

The District's bonds payable at December 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023A	$ 10,000,000	$ 10,460,000	4.00% - 6.50%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2023B	975,000	1,005,000	5.50% - 7.75%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2023 Road	7,190,000	7,350,000	4.25% - 6.75%	September 1, 2025 - 2049	March 1, September 1	September 1, 2029
2024	6,865,000	7,100,000	4.00% - 6.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2029
2024 Road	4,105,000	4,245,000	4.00% - 6.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2029
2025	10,460,000	10,460,000	4.00% - 6.25%	September 1, 2026 - 2050	March 1, September 1	September 1, 2030
	$ 39,595,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At December 31, 2025, the District had authorized but unissued bonds in the amount of $196,858,000 for water, sanitary sewer and drainage facilities and $225,883,000 for the refunding of such bonds; $102,088,000 for park and recreational facilities and $102,088,000 for the refunding of such bonds; and $110,040,000 for road improvements and $121,635,000 for the refunding of such bonds.

On September 30, 2025, the District issued its $10,460,000 Series 2025 Unlimited Tax Bonds at a net effective interest rate of 4.863854%. Proceeds of the bonds were used to (1) to reimburse developers for the following: the construction of capital assets within the District; engineering and other costs associated with the construction of capital assets, (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 29,920,000
Bonds issued	10,460,000
Bonds retired	(785,000)
Bonds payable, end of year	$ 39,595,000

As of December 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 920,000	$ 1,804,576	$ 2,724,576
2027	960,000	1,785,280	2,745,280
2028	1,010,000	1,722,767	2,732,767
2029	1,050,000	1,657,004	2,707,004
2030	1,100,000	1,588,904	2,688,904
2031	1,160,000	1,521,479	2,681,479
2032	1,215,000	1,458,516	2,673,516
2033	1,275,000	1,392,566	2,667,566
2034	1,330,000	1,331,916	2,661,916
2035	1,400,000	1,277,666	2,677,666
2036	1,460,000	1,220,505	2,680,505
2037	1,535,000	1,160,916	2,695,916
2038	1,605,000	1,098,216	2,703,216
2039	1,685,000	1,031,704	2,716,704
2040	1,760,000	961,828	2,721,828
2041	1,850,000	887,778	2,737,778
2042	1,945,000	809,918	2,754,918
2043	2,025,000	726,759	2,751,759
2044	2,130,000	638,915	2,768,915
2045	2,230,000	545,822	2,775,822
2046	2,335,000	447,862	2,782,862
2047	2,455,000	343,807	2,798,807
2048	2,570,000	234,395	2,804,395
2049	1,885,000	119,824	2,004,824
2050	705,000	35,250	740,250
	$ 39,595,000	$ 25,804,173	$ 65,399,173

Note 8 – Property Taxes

On November 3, 2020, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.00 per $100 of assessed value. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Bexar Central Appraisal District and Medina Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November,

are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $1.00 per $100 of assessed value, of which $0.13 was allocated to maintenance and operations, $0.535 was allocated to debt service, and $0.335 was allocated to road debt service. The resulting tax levy was $1,980,193 on the adjusted taxable value of $198,019,308.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2025 levy collections in the amount of $74,450 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2025 tax levy of $2,669,492 is reported as deferred inflows. These amounts will be recognized as revenue in 2026.

Property taxes receivable, at December 31, 2025, consisted of the following:

Current year taxes receivable	$ 2,595,042
Prior years taxes receivable	22,563
	2,617,605
Penalty and interest receivable	5,971
Property taxes receivable	$ 2,623,576

Note 9 – Transfers to Other Governments

In accordance with agreements between the District's developers and San Antonio Water System ("SAWS") and Yancey Water Supply Corporation ("YWSC"), the District transfers all of its water and wastewater facilities to SAWS and YWSC. See Notes 10 and 11 for additional information. Additionally, Bexar County assumes responsibility for the maintenance of certain public roads and drainage facilities constructed within the county limits. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended December 31, 2025, the District reported transfers to other governments in the amount of $8,183,742 for projects completed and transferred to other entities.

Note 10 – Agreements with Yancy Water Supply Corporation

On March 18, 2009, Continental Homes of Texas, L.P., (the "Developer") entered into a non-standard service agreement with Yancey Water Supply Corporation ("YWSC") for the provision of water service to Redbird Ranch Subdivision ("Property"), which is located within the District's boundaries. The Developer agrees to construct, at its sole cost, the facilities required to extend YWSC's water system to serve approximately 456 single family residential homes within the Property. Upon completion of construction, the facilities shall be conveyed to YWSC for ownership and operation.

YWSC will provide water service to the lots within the portion of the Property served by the water system extension, subject to standard rates, fees and charges reflected in YWSC's tariff for such water service. The Developer's rights and obligations have not been assigned to the District as of December 31, 2025.

Note 11 – Agreements with San Antonio Water System

On June 21, 2004, Red Bird Ranch (the "Developer") entered into a utility service agreement with San Antonio Water System ("SAWS") to obtain wastewater collection and treatment service for an approximately 2,000-acre tract of land known as the Red Bird Ranch Tract, which is located within the boundaries of the District. In accordance with the agreement, the Developer will design and construct all on-site and off-site facilities necessary to obtain service from SAWS. The Developer is required to pay impact fees based on the total number of EDUs of capacity required for the development.

On February 12, 2016, Red Bird Legacy Ranch (the "Developer") and SAWS entered in a utility service agreement for water service to serve an approximately 213-acre tract of land, located within the boundaries of the District. In accordance with the agreement, the Developer will design and construct all on-site and off-site facilities necessary to obtain service from SAWS. The Developer is required to pay impact fees based on the total number of EDUs of capacity required for the development. The Developer will be entitled to the permanent use and benefit of the services and is entitled to receive service from any existing facilities with actual capacity to serve the development.

Capital asset activity during the current year reflects the substance of these agreements based on the District's obligation to reimburse its developers pursuant to development financing agreements. However, the Developer's rights and obligations under these agreements have not been assigned to the District as of December 31, 2025.

Note 12 – Road Cost Sharing Agreement

On May 2, 2024, the District and Redbird Ranch Water Control and Improvement District No. 3 ("WCID 3") entered into a Road Cost Sharing Agreement, whereby each district agrees to share the cost of financing and operating of road facilities serve both districts. The District holds legal title to these joint facilities with each district owning an equitable interest based on the pro-rata share of the facilities. Each district is responsible for the maintenance and operation of the road facilities based on their pro-rata share. As of December 31, 2025, the District has recorded a receivable due from other governments in the amount of $65,808 for WCID 3's share of project costs initially funded by the District.

Note 13 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

Redbird Ranch Water Control and Improvement District No. 2
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 247,967	$ 255,143	$ 7,176
Investment earnings	32,020	33,039	1,019
Total Revenues	279,987	288,182	8,195
Expenditures			
Operating and administrative			
Professional fees	151,000	118,885	32,115
Contracted services	40,000	41,866	(1,866)
Administrative	24,000	15,375	8,625
Other	1,000	750	250
Total Expenditures	216,000	176,876	39,124
Revenues Over Expenditures	63,987	111,306	47,319
Other Financing Sources			
Capital contribution		65,808	65,808
Net Change in Fund Balance	63,987	177,114	113,127
Fund Balance			
Beginning of the year	630,943	630,943	
End of the year	$ 694,930	$ 808,057	$ 113,127

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Redbird Ranch Water Control and Improvement District No. 2
TSI-1. Services and Rates
December 31, 2025

1. Services provided by the District During the Fiscal Year:

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

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

☐ Other (Specify): _____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:					to
Wastewater:					to
Surcharge:					to

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

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

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: _____

5. Location of District:

Is the District located entirely within one county? Yes [ ] No [X]

County(ies) in which the District is located: Bexar County and Medina County

Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

City(ies) in which the District is located: _____

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

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? _____

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2025

Professional fees		
Legal	$	47,178
Audit		15,500
Engineering		56,207
		118,885
Contracted services		
Bookkeeping		41,866
Administrative		
Directors fees		5,304
Printing and office supplies		395
Insurance		3,202
Other		6,474
		15,375
Other		750
Total expenditures	$	176,876

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-3. Investments
December 31, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	$ 748,060
Debt Service			
Texas CLASS	Variable	N/A	370,850
Texas CLASS	Variable	N/A	256,162
TexPool	Variable	N/A	504,517
			1,131,529
Capital Projects			
Texas CLASS	Variable	N/A	196,384
TexPool	Variable	N/A	34,582
TexPool	Variable	N/A	25,500
			256,466
Total - All Funds			$ 2,136,055

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-4. Taxes Levied and Receivable
December 31, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 249,129	$ 1,019,800	$ 638,379	$ 1,907,308
Adjustments	(2,206)	(3,190)	(1,944)	(7,340)
Adjusted Receivable	246,923	1,016,610	636,435	1,899,968
2025 Original Tax Levy	155,770	1,682,319	654,235	2,492,324
Adjustments	11,073	119,588	46,507	177,168
2025 Adjusted Tax Levy	166,843	1,801,907	700,742	2,669,492
Total to be accounted for	413,766	2,818,517	1,337,177	4,569,460
Tax collections:				
Current year	4,653	50,254	19,543	74,450
Prior years	243,046	1,005,027	629,332	1,877,405
Total Collections	247,699	1,055,281	648,875	1,951,855
Taxes Receivable, End of Year	$ 166,067	$ 1,763,236	$ 688,302	$ 2,617,605
Taxes Receivable, By Years				
2025	$ 162,190	$ 1,751,653	$ 681,199	$ 2,595,042
2024	2,087	8,587	5,377	16,051
2023	1,790	2,996	1,726	6,512
Taxes Receivable, End of Year	$ 166,067	$ 1,763,236	$ 688,302	$ 2,617,605

	2025	2024	2023	2022
Property Valuations:				
Land	$ 63,825,756	$ 48,973,511	$ 43,049,375	$ 24,269,310
Improvements	250,358,948	178,183,522	127,853,916	26,684,520
Exemptions	(47,235,470)	(29,137,725)	(17,434,401)	(3,896,577)
Total Property Valuations	$ 266,949,234	$ 198,019,308	$ 153,468,890	$ 47,057,253
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.0625	$ 0.130	$ 0.275	$ 1.00
WSD Debt service tax rates	0.6750	0.535	0.460	
Road Debt service tax rates	0.2625	0.335	0.265	
Total Tax Rates per $100 Valuation	$ 1.0000	$ 1.000	$ 1.000	$ 1.00
Adjusted Tax Levy:	$ 2,669,492	$ 1,980,193	$ 1,534,689	$ 470,573
Percentage of Taxes Collected to Taxes Levied **	2.79%	99.19%	99.58%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.00 on November 3, 2020
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 3, 2020
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2023A--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 250,000	$ 468,906	$ 718,906
2027	260,000	452,657	712,657
2028	275,000	435,756	710,756
2029	285,000	417,881	702,881
2030	300,000	399,356	699,356
2031	315,000	379,857	694,857
2032	330,000	359,381	689,381
2033	345,000	337,931	682,931
2034	360,000	315,506	675,506
2035	380,000	301,106	681,106
2036	395,000	285,907	680,907
2037	415,000	270,106	685,106
2038	435,000	253,506	688,506
2039	455,000	236,106	691,106
2040	475,000	217,906	692,906
2041	500,000	198,906	698,906
2042	525,000	178,907	703,907
2043	545,000	157,250	702,250
2044	575,000	134,088	709,088
2045	600,000	109,650	709,650
2046	630,000	84,150	714,150
2047	660,000	57,375	717,375
2048	690,000	29,325	719,325
	$ 10,000,000	$ 6,081,519	$ 16,081,519

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2023B--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 20,000	$ 56,610	$ 76,610
2027	20,000	55,060	75,060
2028	20,000	53,510	73,510
2029	20,000	51,960	71,960
2030	25,000	50,410	75,410
2031	25,000	48,472	73,472
2032	25,000	47,098	72,098
2033	30,000	45,722	75,722
2034	30,000	44,073	74,073
2035	35,000	42,422	77,422
2036	35,000	40,498	75,498
2037	40,000	38,572	78,572
2038	40,000	36,373	76,373
2039	45,000	34,172	79,172
2040	45,000	31,698	76,698
2041	50,000	29,222	79,222
2042	55,000	26,473	81,473
2043	60,000	23,447	83,447
2044	65,000	20,058	85,058
2045	65,000	16,385	81,385
2046	70,000	12,712	82,712
2047	75,000	8,757	83,757
2048	80,000	4,520	84,520
	$ 975,000	$ 818,224	$ 1,793,224

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 165,000	$ 344,675	$ 509,675
2027	175,000	333,538	508,538
2028	185,000	321,725	506,725
2029	190,000	309,238	499,238
2030	200,000	296,650	496,650
2031	210,000	283,400	493,400
2032	220,000	269,487	489,487
2033	230,000	254,913	484,913
2034	240,000	245,137	485,137
2035	255,000	234,938	489,938
2036	265,000	224,100	489,100
2037	280,000	212,838	492,838
2038	290,000	200,937	490,937
2039	305,000	188,613	493,613
2040	320,000	175,650	495,650
2041	335,000	162,050	497,050
2042	350,000	147,813	497,813
2043	365,000	132,937	497,937
2044	385,000	116,969	501,969
2045	405,000	100,125	505,125
2046	425,000	81,900	506,900
2047	445,000	62,775	507,775
2048	465,000	42,750	507,750
2049	485,000	21,824	506,824
	$ 7,190,000	$ 4,764,982	$ 11,954,982

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 165,000	$ 294,418	$ 459,418
2027	170,000	283,694	453,694
2028	180,000	272,644	452,644
2029	190,000	260,944	450,944
2030	195,000	248,594	443,594
2031	205,000	238,600	443,600
2032	215,000	230,400	445,400
2033	225,000	221,800	446,800
2034	235,000	212,800	447,800
2035	245,000	203,400	448,400
2036	255,000	193,600	448,600
2037	265,000	183,400	448,400
2038	280,000	172,800	452,800
2039	290,000	161,600	451,600
2040	305,000	150,000	455,000
2041	320,000	137,800	457,800
2042	335,000	125,000	460,000
2043	345,000	111,600	456,600
2044	365,000	97,800	462,800
2045	380,000	83,200	463,200
2046	395,000	68,000	463,000
2047	415,000	52,200	467,200
2048	435,000	35,600	470,600
2049	455,000	18,200	473,200
	$ 6,865,000	$ 4,058,094	$ 10,923,094

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 100,000	$ 176,406	$ 276,406
2027	105,000	169,906	274,906
2028	110,000	163,082	273,082
2029	110,000	155,931	265,931
2030	115,000	148,781	263,781
2031	125,000	142,600	267,600
2032	130,000	137,600	267,600
2033	135,000	132,400	267,400
2034	140,000	127,000	267,000
2035	145,000	121,400	266,400
2036	155,000	115,600	270,600
2037	160,000	109,400	269,400
2038	165,000	103,000	268,000
2039	175,000	96,400	271,400
2040	180,000	89,400	269,400
2041	190,000	82,200	272,200
2042	200,000	74,600	274,600
2043	210,000	66,600	276,600
2044	215,000	58,200	273,200
2045	225,000	49,600	274,600
2046	235,000	40,600	275,600
2047	250,000	31,200	281,200
2048	260,000	21,200	281,200
2049	270,000	10,800	280,800
	$ 4,105,000	$ 2,423,906	$ 6,528,906

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
Series 2025--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 220,000	$ 463,561	$ 683,561
2027	230,000	490,425	720,425
2028	240,000	476,050	716,050
2029	255,000	461,050	716,050
2030	265,000	445,113	710,113
2031	280,000	428,550	708,550
2032	295,000	414,550	709,550
2033	310,000	399,800	709,800
2034	325,000	387,400	712,400
2035	340,000	374,400	714,400
2036	355,000	360,800	715,800
2037	375,000	346,600	721,600
2038	395,000	331,600	726,600
2039	415,000	314,813	729,813
2040	435,000	297,174	732,174
2041	455,000	277,600	732,600
2042	480,000	257,125	737,125
2043	500,000	234,925	734,925
2044	525,000	211,800	736,800
2045	555,000	186,862	741,862
2046	580,000	160,500	740,500
2047	610,000	131,500	741,500
2048	640,000	101,000	741,000
2049	675,000	69,000	744,000
2050	705,000	35,250	740,250
	$ 10,460,000	$ 7,657,448	$ 18,117,448

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 920,000	$ 1,804,576	$ 2,724,576
2027	960,000	1,785,280	2,745,280
2028	1,010,000	1,722,767	2,732,767
2029	1,050,000	1,657,004	2,707,004
2030	1,100,000	1,588,904	2,688,904
2031	1,160,000	1,521,479	2,681,479
2032	1,215,000	1,458,516	2,673,516
2033	1,275,000	1,392,566	2,667,566
2034	1,330,000	1,331,916	2,661,916
2035	1,400,000	1,277,666	2,677,666
2036	1,460,000	1,220,505	2,680,505
2037	1,535,000	1,160,916	2,695,916
2038	1,605,000	1,098,216	2,703,216
2039	1,685,000	1,031,704	2,716,704
2040	1,760,000	961,828	2,721,828
2041	1,850,000	887,778	2,737,778
2042	1,945,000	809,918	2,754,918
2043	2,025,000	726,759	2,751,759
2044	2,130,000	638,915	2,768,915
2045	2,230,000	545,822	2,775,822
2046	2,335,000	447,862	2,782,862
2047	2,455,000	343,807	2,798,807
2048	2,570,000	234,395	2,804,395
2049	1,885,000	119,824	2,004,824
2050	705,000	35,250	740,250
	$ 39,595,000	$ 25,804,173	$ 65,399,173

See accompanying auditor's report.

Redbird Ranch Water Control and Improvement District No. 2
TSI-6. Change in Long-Term Bonded Debt
December 31, 2025

	Bond Issue			
	Series 2023A	Taxable Series 2023B	Series 2023 Road	Series 2024
Interest rate	4.00% - 6.50%	5.50% - 7.75%	4.25% - 6.75%	4.00% - 6.50%
Dates interest payable	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1
Maturity dates	9/1/24 - 9/1/48	9/1/24 - 9/1/48	9/1/25 - 9/1/49	9/1/25 - 9/1/49
Beginning bonds outstanding	$ 10,235,000	$ 990,000	$ 7,350,000	$ 7,100,000
Bonds issued				
Bonds retired	(235,000)	(15,000)	(160,000)	(235,000)
Ending bonds outstanding	$ 10,000,000	$ 975,000	$ 7,190,000	$ 6,865,000
Interest paid during fiscal year	$ 484,181	$ 57,773	$ 355,475	$ 215,925
Paying agent's name and city				
All Series	BOKF, NA, Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Parks and Recreational Facilities Bonds	Parks and Recreational Facilities Refunding Bonds
Amount Authorized by Voters	$ 225,883,000	$ 225,883,000	$ 102,088,000	$ 102,088,000
Amount Issued	(29,025,000)			
Remaining To Be Issued	$ 196,858,000	$ 225,883,000	$ 102,088,000	$ 102,088,000

Bond Authority:	Road Facilities Bonds	Road Facilities Refunding Bonds
Amount Authorized by Voters	$ 121,635,000	$ 121,635,000
Amount Issued	(11,595,000)	
Remaining To Be Issued	$ 110,040,000	$ 121,635,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of December 31, 2025:	$ 1,196,079
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,615,967

See accompanying auditor's report.

Bond Issue		
Series 2024 Road	Series 2025	Totals
4.00% - 6.50% 3/1 ; 9/1 9/1/25 - 9/1/49	4.00% - 6.25% 3/1 ; 9/1 9/1/26 - 9/1/50	
$ 4,245,000	$ -	$ 29,920,000
	10,460,000	10,460,000
(140,000)		(785,000)
$ 4,105,000	$ 10,460,000	$ 39,595,000
$ 129,339	$ -	$ 1,242,693

Redbird Ranch Water Control and Improvement District No. 2
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021**
Revenues					
Property taxes	$ 255,143	$ 423,765	$ 467,349	$ 59,846	$ 953
Penalties and interest				383	
Miscellaneous					10
Investment earnings	33,039	33,841	13,355	12	11
Total Revenues	288,182	457,606	480,704	60,241	974
Expenditures					
Operating and administrative					
Professional fees	118,885	127,760	102,747	46,267	70,892
Contracted services	41,866	39,088	28,347	32,013	13,599
Administrative	15,375	20,490	12,827	12,566	12,364
Other	750	608	1,281	9,880	2,613
Total Expenditures	176,876	187,946	145,202	100,726	99,468
Revenues Over/(Under) Expenditures	111,306	269,660	335,502	(40,485)	(98,494)
Other Financing Sources/(Uses)					
Developer advances			25,646	77,627	103,485
Internal transfers			(65,333)	25,926	
Capital contribution	65,808				
Net Change in Fund Balance	177,114	269,660	295,815	63,068	4,991
Fund Balance, Beginning of the year	630,943	361,283	65,468	2,400	(2,591)
End of the year	$ 808,057	$ 630,943	$ 361,283	$ 65,468	$ 2,400

*Percentage is negligible
** Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021**
89%	93%	97%	99%	98%
			1%	
				1%
11%	7%	3%	*	1%
100%	100%	100%	100%	100%
41%	28%	21%	77%	7278%
15%	9%	6%	53%	1396%
5%	4%	3%	21%	1269%
*	*	*	16%	268%
61%	41%	30%	167%	10211%
39%	59%	70%	(67)%	(10111)%

Redbird Ranch Water Control and Improvement District No. 2
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2025	2024	2023
Revenues			
Property taxes	$ 1,708,288	$ 1,108,443	$ -
Penalties and interest	12,035	10,020	10,492
Miscellaneous	8,904	5,479	4,698
Investment earnings	73,993	62,710	19,605
Total Revenues	1,803,220	1,186,652	34,795
Expenditures			
Tax collection services	49,210	36,877	21,907
Other		2,433	2,068
Debt service			
Principal	785,000	240,000	
Interest and fees	1,242,693	893,468	117,745
Total Expenditures	2,076,903	1,172,778	141,720
Revenues Over/(Under) Expenditures	(273,683)	13,874	(106,925)
Other Financing Sources			
Proceeds from sale of bonds	253,488	305,069	913,216
Net Change in Fund Balance	(20,195)	318,943	806,291
Fund Balance, Beginning of the year	1,125,234	806,291	
End of the year	$ 1,105,039	$ 1,125,234	$ 806,291

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024	2023
95%	94%	
1%	1%	30%
*	*	14%
4%	5%	56%
100%	100%	100%
3%	3%	63%
	*	6%
44%	20%	
69%	75%	338%
116%	98%	407%
(16)%	2%	(307)%

Redbird Ranch Water Control and Improvement District No. 2
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2025

Complete District Mailing Address:	919 Congress Avenue, Suite 1500, Austin, Texas 78701
District Business Telephone Number:	512-518-2424
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	December 5, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Michael Kent	5/22 - 5/26	$ 1,105		President
Aaron Parenica	5/22 - 5/26	1,547		Vice President
John Moake	5/24 - 5/28	884		Secretary
Mellick Sykes	5/24 - 5/28	221		Assistant Vice President
Mary Stewart	5/24 - 5/28	1,547		Assistant Secretary
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2020			Attorney
General legal fees		$ 44,625		
Bond counsel		258,832		
Municipal Accounts & Consulting, L.P.	2020	44,725		Bookkeeper
Utility Tax Service, LLC	2020	18,191		Tax Collector
Medina Central Appraisal District	Legislation	6,971		Property Valuation
Bexar Central Appraisal District	Legislation	5,484		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2021	4,329		Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	2020	69,816		Engineer
McGrath & Co., PLLC	2021	26,000		Auditor
Robert W. Baird & Co.	2020	213,314		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditor's report.