KENDALL COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 3A
(Kendall County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: OCTOBER 20, 2026

$9,720,000
UNLIMITED TAX BONDS
SERIES 2026

$2,815,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

SUBMISSION OF BIDS: 10:00 A.M., CENTRAL TIME
WEDNESDAY, NOVEMBER 4, 2026

AWARD OF BIDS: 12:00 P.M., CENTRAL TIME
WEDNESDAY, NOVEMBER 4, 2026

CEDAR CREEK
MUNICIPAL ADVISORS

Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchasers (herein defined).

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

The Bonds will NOT be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE – BOOK-ENTRY-ONLY **NON-RATED**

KENDALL COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 3A
(A political subdivision of the State of Texas, located within Kendall County, Texas)

$9,720,000	**$2,815,000**
UNLIMITED TAX BONDS	**UNLIMITED TAX ROAD BONDS**
SERIES 2026	**SERIES 2026**

Dated: November 1, 2026
Interest accrues from: Date of Delivery **Due: September 1, as shown below**

The $9,720,000 Unlimited Tax Bonds, Series 2026 (the "System Bonds"), and $2,815,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the System Bonds, the "Bonds"), are obligations of Kendall County Water Control & Improvement District No. 3A (the "District") and are not obligations of the State of Texas; Kendall County, Texas (the "County"); the City of Boerne, Texas (the "City"); or any other entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas, (the "Paying Agent/Registrar"). The Bonds are dated November 1, 2026 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about November 30, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

The System Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") within the District. The Road Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a road system to serve the District (the "Road System") within the District. Voters in the District have authorized a total of $92,240,000 principal amount of bonds for the purpose of acquiring or constructing the System to serve the District; $138,360,000 principal amount of refunding bonds for the System; $62,181,000 principal amount of bonds for the purpose of acquiring or constructing the Road System; and $96,271,500 principal amount of refunding bonds for the Road System.

Following the issuance of the Bonds, $74,995,000 principal amount of unlimited tax bonds for the System; $138,360,000 principal amount of refunding bonds for the System; $49,731,000 principal amount of bonds for the Road System; $96,271,500 principal amount of refunding bonds for the Road System will remain authorized but unissued. The Bonds of the respective series, when issued, will be payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are offered by the Initial Purchasers of the Bonds (the "Initial Purchasers") subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchasers, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas ("Bond Counsel"). Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas ("Disclosure Counsel"). Delivery of the Bonds is expected on or about November 30, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIP NOS.

$9,720,000 Unlimited Tax Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ___ (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ___ (b)
2028	$ 200,000	___%	___%	_____	2040 (c)	$ 385,000	___%	___%	_____
2029	210,000	___%	___%	_____	2041 (c)	410,000	___%	___%	_____
2030	220,000	___%	___%	_____	2042 (c)	435,000	___%	___%	_____
2031	235,000	___%	___%	_____	2043 (c)	460,000	___%	___%	_____
2032 (c)	250,000	___%	___%	_____	2044 (c)	485,000	___%	___%	_____
2033 (c)	260,000	___%	___%	_____	2045 (c)	510,000	___%	___%	_____
2034 (c)	275,000	___%	___%	_____	2046 (c)	540,000	___%	___%	_____
2035 (c)	295,000	___%	___%	_____	2047 (c)	570,000	___%	___%	_____
2036 (c)	310,000	___%	___%	_____	2048 (c)	605,000	___%	___%	_____
2037 (c)	325,000	___%	___%	_____	2049 (c)	640,000	___%	___%	_____
2038 (c)	345,000	___%	___%	_____	2050 (c)	675,000	___%	___%	_____
2039 (c)	365,000	___%	___%	_____	2051 (c)	715,000	___%	___%	_____

$2,815,000 Unlimited Tax Road Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ___ (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ___ (b)
2028	$ 60,000	___%	___%	_____	2040 (c)	$ 110,000	___%	___%	_____
2029	60,000	___%	___%	_____	2041 (c)	120,000	___%	___%	_____
2030	65,000	___%	___%	_____	2042 (c)	125,000	___%	___%	_____
2031	70,000	___%	___%	_____	2043 (c)	135,000	___%	___%	_____
2032 (c)	70,000	___%	___%	_____	2044 (c)	140,000	___%	___%	_____
2033 (c)	75,000	___%	___%	_____	2045 (c)	150,000	___%	___%	_____
2034 (c)	80,000	___%	___%	_____	2046 (c)	155,000	___%	___%	_____
2035 (c)	85,000	___%	___%	_____	2047 (c)	165,000	___%	___%	_____
2036 (c)	90,000	___%	___%	_____	2048 (c)	175,000	___%	___%	_____
2037 (c)	95,000	___%	___%	_____	2049 (c)	185,000	___%	___%	_____
2038 (c)	100,000	___%	___%	_____	2050 (c)	195,000	___%	___%	_____
2039 (c)	105,000	___%	___%	_____	2051 (c)	205,000	___%	___%	_____

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. 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 will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 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. In addition, the Initial Purchasers may designate one (1) or more of the Bonds as term bonds. See "THE BONDS – Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule") in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date (or of any such supplement or correction) except for the omission of no more than information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in the Rule.

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

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.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, for further information.

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final 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 System Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by _____ (the "System Bond Initial Purchasers"). The System Bond Initial Purchasers have agreed to purchase the System Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIP NOS" on the inside cover page of this Official Statement, at a price of _____% of the principal amount thereof, which resulted in a net effective interest rate of _____%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

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

The System Bond Initial Purchasers and the Road Bond Initial Purchasers are herein referred to collectively as the "Initial Purchasers."

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchasers 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 or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchasers.

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 Purchasers 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 Purchasers 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.

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

Securities Laws

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

Forward-Looking Statements

This Official Statement contains, in part, forward-looking statements and projections, as well as 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. Forward-looking statements and projections may be affected by known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that actual results could differ materially from those set forth in the forward-looking statements.

Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

Delivery of Official Statements

The District shall furnish to the Initial Purchasers (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchasers), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchasers. The District also shall furnish to the Initial Purchasers a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchasers may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchasers and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchasers shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE AND RATING

The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment to municipal bond guaranty insurance on the System Bonds. **THE PURCHASE OF SUCH INSURANCE ON THE SYSTEM BONDS IS MANDATORY.** THE PAYMENT OF ALL COSTS ASSOCIATED WITH THE INSURANCE, INCLUDING THE PREMIUM CHARGED BY THE INSURANCE COMPANY, AND FEES CHARGED BY RATING COMPANIES, WILL BE AT THE EXPENSE OF THE SYSTEM BOND INITIAL PURCHASERS.

The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment to municipal bond guaranty insurance on the Road Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than Moody's Ratings ("Moody's"), will be at the option and expense of the Road Bond Initial Purchaser.

The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating on the Bonds.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Kendall County Water Control & Improvement District No. 3A (the "District"), a political subdivision of the State of Texas, is located in Kendall County, Texas. See "THE DISTRICT – "General" and "– Description."
Description of the Bonds	The $9,720,000 Unlimited Tax Bonds, Series 2026 (the "System Bonds"), and $2,815,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the System Bonds, the "Bonds"), mature on September 1 in the years and amounts set forth on the inside cover of this Official Statement. The Bonds are dated November 1, 2026 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about November 30, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	Bonds maturing on or after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2031, and any date thereafter at a price of par plus accrued interest from the most recent Interest Payment Date to the date of redemption. See "THE BONDS – Redemption Provisions."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of two (2) continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Kendall County, Texas; the City of Boerne, Texas; or any entity other than the District. See "THE BONDS – Source of Payment."
Authority for Issuance	Voters in the District have authorized a total of $92,240,000 principal amount of bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District; $138,360,000 principal amount of refunding bonds for the System; $62,181,000 principal amount of bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"); and $96,271,500 principal amount of refunding bonds for the Road System. Following the issuance of the Bonds, $74,995,000 principal amount of unlimited tax bonds for the System; $138,360,000 principal amount of refunding bonds for the System, $49,731,000 principal amount of bonds for the Road System; $96,271,500 principal amount of refunding bonds for the Road System will remain authorized but unissued. The Bonds of the respective series, when issued, will be payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment." The System Bonds are issued pursuant to (i) an order adopted by the Board of Directors (the "Board") of the District on the date of the sale of the System Bonds (the "System Bond Order"); (ii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 51, Texas Water Code, as amended; (iii); an election held within the District on May 2, 2020; and (iv) an order issued by the Texas Commission on Environmental Quality, approving the issuance of the Bonds (the "TCEQ"). The Road Bonds are issued pursuant to: (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including,

	particularly, Chapters 49 and 51 of the Texas Water Code, as amended; (ii) an order authorizing the issuance of the Road Bonds adopted by the Board on the date of sale of the Road Bonds (the "Road Bond Order," and together with the System Bond Order, collectively referred to as the "Bond Orders"); and (iii) an election held within the District on May 2, 2020. See "THE BONDS – Authority for Issuance, and – Issuance of Additional Debt."
Payment Record	The Bonds are the third issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of debt service on its bonded indebtedness.
Outstanding Bonds	The District has previously issued two (2) series of unlimited tax bonds, as follows: $7,525,000 Unlimited Tax Bonds, Series 2025 (the "Outstanding System Bonds") and $9,635,000 Unlimited Tax Road Bonds, Series 2025 (the "Outstanding Road Bonds" and together with the Outstanding System Bonds, the "Outstanding Bonds"). As of the Date of Delivery, $16,990,000 principal amount of the Outstanding Bonds will remain outstanding.
Use of System Bond Proceeds	Proceeds of the System Bonds will be used to reimburse the Developers (hereinafter defined) for the costs set out herein under "USE AND DISTRIBUTION OF SYSTEM BOND PROCEEDS." Proceeds of the System Bonds will also be used to pay developer interest, capitalized interest, and other costs associated with the issuance of the System Bonds.
Use of Road Bond Proceeds	Proceeds of the Road Bonds will be used to reimburse the Developers for the costs set out herein under "USE AND DISTRIBUTION OF ROAD BOND PROCEEDS." Proceeds of the Road Bonds will also be used to pay developer interest, capitalized interest, and other costs associated with the issuance of the Road Bonds.
Tax Exemption	In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.
Municipal Bond Insurance and Rating	The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment to municipal bond guaranty insurance on the System Bonds. **THE PURCHASE OF SUCH INSURANCE ON THE SYSTEM BONDS IS MANDATORY.** THE PAYMENT OF ALL COSTS ASSOCIATED WITH THE INSURANCE, INCLUDING THE PREMIUM CHARGED BY THE INSURANCE COMPANY, AND FEES CHARGED BY RATING COMPANIES, WILL BE AT THE EXPENSE OF THE SYSTEM BOND INITIAL PURCHASERS. The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment to municipal bond guaranty insurance on the Road Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than Moody's Ratings ("Moody's"), will be at the option and expense of the Road Bond Initial Purchasers. The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating on the Bonds. See "MUNICIPAL BOND INSURANCE AND RATING" above.
NOT Qualified Tax-Exempt Obligations	The Bonds will not be designated as "qualified tax-exempt obligations" for financial institutions.
General & Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Houston, Texas.
District Engineer	Cude Engineers, San Antonio, Texas.

THE DISTRICT

The Issuer	The District was created pursuant to an Amended and Restated Order Providing for the Terms of Division, adopted on December 10, 2019, by

	Kendall County Water Control and Improvement District No. 3 (the "Division Order") pursuant to the terms of Chapter 9072, Texas Special District Local Laws Code. See "THE DISTRICT – General."
Location	The District is located approximately 32 miles northwest of San Antonio, Texas and approximately 5 miles south of the central business district of the City of Boerne, Texas (the "City") in Kendall County, Texas. Access to the District is provided from Scenic Loop Road, which connects to Interstate 10 on the east and Corley Road on the south. The District lies generally north and west of the intersection of Corley Road and Scenic Loop Road. The District is located wholly within the extra-territorial jurisdiction ("ETJ") of the City.
Developers	The developers of land within the District are (i) Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte"), which is wholly owned by PulteGroup, Inc. ("PulteGroup"), the developer of approximately 318.36 acres of residential land within the District being marketed as Corley Farms; and (ii) Boernebak, LLC and Boernebak II, LLC (collectively "Bakke"), which is a privately-held real estate development company based in San Antonio, Texas, with land development operations in various central Texas cities. Pulte and Bakke are collectively referred to herein as the "Developers." See "DEVELOPERS."
Development within the District	Land within the District has been developed as the single-family subdivision of Corley Farms, Section 1-5 (aggregating approximately 199.20 acres and 593 single-family lots) and 16.75 acres is owned by Boerne Independent School District for an elementary school. As of October 1, 2026, land within the District has been developed as 423 completed homes, 4 completed model homes, 47 homes under construction, and 119 vacant developed lots. The remaining land within the District consists of approximately 154.60 undeveloped but developable acres, 4.31 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."
SAWS Interlocal Agreement	The District has entered into an agreement with San Antonio Water System to provide water service to the property within the District. See "THE SYSTEM – DESCRIPTION OF THE SYSTEM – Water Supply and Distribution."
Homebuilders in the District	Homebuilders active in the District are Pulte (including Centex Homes) and Perry Homes. Homes are being marketed from $410,000 to over $720,000 and range in size from 1,600 square feet to over 3,500 square feet.
Development Agreement with the City	The District, Bakke, and related entities have entered into an agreement with the City to provide wholesale sewer service to the property within the District. See "DISTRICT - DEVELOPMENT AGREEMENT WITH THE CITY."

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Certified Taxable Assessed Valuation	$	156,248,807	(a)
Estimated Assessed Taxable Valuation as of October 20, 2026	$	223,784,979	(b)
Direct Debt:			
The Outstanding Bonds	$	16,990,000	
The System Bonds	$	9,720,000	
The Road Bonds	$	2,815,000	
Total	$	29,525,000	
Estimated Overlapping Debt	$	6,212,446	(c)
Total Direct and Estimated Overlapping Debt	$	35,737,446	(c)
Direct Debt Ratios:			
As a percentage of 2026 Certified Taxable Assessed Valuation		18.90 %	
As a percentage of Estimated Assessed Taxable Valuation as of October 20, 2026		13.19 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of 2026 Certified Taxable Assessed Valuation		22.87 %	
As a percentage of Estimated Assessed Taxable Valuation as of October 20, 2026		15.97 %	
General Operating Fund (as of October 20, 2026)	$	456,339	
Road System Debt Service Fund (as of October 20, 2026)	$	372,725	(d)
System Debt Service Fund (as of October 20, 2026)	$	542,489	(e)
2026 District Tax Rate per $100 of Assessed Valuation			
System Debt Service		$0.390	
Road System Debt Service		$0.425	
Maintenance & Operations		$0.285	
Total		$1.100	
Combined Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2027-2051)	$	2,077,241	(f)
Combined Estimated Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2049)	$	2,193,438	(f)
Tax Rate per $100 of Assessed Valuation Required to Pay the Combined Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2027-2051) at 95% Tax Collections:			
Based Upon 2026 Certified Taxable Assessed Valuation		$1.40	
Based Upon the Estimated Assessed Taxable Valuation as of October 20, 2026		$0.98	
Tax Rate per $100 of Assessed Valuation Required to Pay the Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2049) at 95% Tax Collections:			
Based Upon 2026 Certified Taxable Assessed Valuation		$1.48	
Based Upon the Estimated Assessed Taxable Valuation as of October 20, 2026		$1.04	
Number of Single-Family Homes (including 47 homes in various stages of construction and 4 model homes) as of October 1, 2026		474	

(a) As certified by the Kendall Appraisal District (the "Appraisal District"). Amount includes $354,910 of uncertified value. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year.

(b) Provided by the Appraisal District as the Estimate of Value as of October 20, 2026. This value represents the estimated determination of the taxable value in the District as of October 20, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and therefore, this estimate will not be the basis for any tax levy by the District. See "TAXING PROCEDURES."

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

(d) At the delivery of the Road Bonds, 12 months of capitalized interest will be deposited into the District's Road System Debt Service Fund (defined herein). Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the District's Road System Debt Service Fund (defined herein). Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the System, including the System Bonds and the Outstanding System Bonds.

(e) At the delivery of the System Bonds, 12 months of capitalized interest will be deposited into the District's System Debt Service Fund (defined herein). Neither Texas law nor the System Bond Order requires that the District maintain any particular sum in the District's System Debt Service Fund. Funds in the System Debt Service Fund are not available to pay debt service on bonds issued for the acquisition or construction of the Road System, including the Road Bonds and the Outstanding Road Bonds.

(f) Estimated requirement of combined debt service on the Outstanding Bonds and the Bonds. Debt service on the Bonds is estimated at an interest rate of 5.75%. See "DISTRICT DEBT – Debt Service Requirements."

Preliminary Official Statement

relating to

KENDALL COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 3A
(A Political Subdivision of the State of Texas Located in Kendall County, Texas)

$9,720,000	**$2,815,000**
UNLIMITED TAX BONDS	**UNLIMITED TAX ROAD BONDS**
SERIES 2026	**SERIES 2026**

INTRODUCTION

This Preliminary Official Statement provides certain information with respect to the issuance by Kendall County Water Control & Improvement District No. 3A (the "District") of its $9,720,000 Unlimited Tax Bonds, Series 2026 (the "System Bonds"), and $2,815,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the System Bonds, the "Bonds").

The System Bonds are issued pursuant to (i) an order adopted by the Board of Directors (the "Board") of the District on the date of the sale of the System Bonds (the "System Bond Order"); (ii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 51, Texas Water Code, as amended; (iii); an election held within the District on May 2, 2020; and (iv) an order issued by the Texas Commission on Environmental Quality, approving the issuance of the Bonds (the "TCEQ").

The Road Bonds are issued pursuant to: (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including, particularly, Chapters 49 and 51 of the Texas Water Code, as amended; (ii) an order authorizing the issuance of the Road Bonds adopted by the Board on the date of sale of the Road Bonds (the "Road Bond Order," and together with the System Bond Order, collectively referred to as the "Bond Orders"); and (iii) an election held within the District on May 2, 2020. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Orders.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056 or during the offering period from the District's Financial Advisor, Cedar Creek Municipal Advisors, LLC, Attn: David Smalling, 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056 upon payment of reasonable copying, mailing and handling charges.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas; Kendall County, Texas (the "County"); the City of Boerne, Texas (the "City"); or any other entity other than the District, will be secured by two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. (See "THE BONDS - Source of Payment.") The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Registered Owners' Remedies" 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 County and the San Antonio-Boerne metropolitan area. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Location and Access: The District is located approximately 32 miles northwest of San Antonio, Texas and 5 miles south of the central business district of the City. Access to the District is provided from Scenic Loop Road, which connects to Interstate 10 on the east and Corley Road on the south. The District lies generally north and west of the intersection of Corley Road and Scenic Loop Road. See "THE DISTRICT" above.

Principal Landowner Obligations to the District: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA - Principal Taxpayers," the District's top ten principal taxpayers

in 2026 owned property located in the District, with an aggregate assessed valuation of $19,779,322, which comprised approximately 12.69% of the District's total assessed valuation. While the development of lots is currently ongoing, the District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District has levied its 2026 total tax rate, which includes a $0.285 tax rate for maintenance and operations purposes.

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. Many of the other developments are generally accessible by the same commuter routes and served by the same employment centers and school districts causing the developments to compete with one another for the same pool of buyers at similar price points and amenity levels.

The competitive position of the Developers in the sale of land, and the sale of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

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.

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

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

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Certified Taxable Assessed Valuation of property located within the District (see "TAX DATA") is $156,248,807 and the Estimated Assessed Taxable Valuation as of October 20, 2026 is $223,784,979. After issuance of the Bonds, the combined estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,193,438 (2049) and the combined estimated average annual debt service requirements on the Outstanding Bonds and the Bonds will be $2,077,241 (2027-2051). Assuming no increase to, nor decrease from, the 2026 Certified Taxable Assessed Valuation of $156,248,807, tax rates of $1.48 and $1.40 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the combined estimated maximum annual debt service requirement and the combined estimated average annual debt service requirement, respectively. Assuming no increase to, nor decrease from, the Estimated Assessed Taxable Valuation as of October 20, 2026 of $223,784,979, tax rates of $1.04 and $0.98 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the combined estimated maximum annual debt service requirement and

the combined estimated average annual debt service requirement, respectively.

Tax Collections and Foreclosure Remedies

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

Limitation to Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

A special purpose district cannot be placed into bankruptcy involuntarily.

Changes in Tax Legislation

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

The 90th Texas Legislature

The regular 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.

Marketability

The District has no agreement with any purchaser of the Bonds regarding the reoffering yields or prices of the Bonds and

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

Future Debt

Following the issuance of the Bonds, a total of $74,995,000 principal amount of bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District; $138,360,000 principal amount of refunding bonds for the System; $49,731,000 principal amount of bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"); and $96,271,500 principal amount of refunding bonds for the Road System will remain authorized but unissued, and such additional bonds as may hereafter be approved by the Board and voters of the District. The District also has the right to issue certain other additional bonds, special projects bonds, and other obligations, as described in the Bond Orders. 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 issuance of the Bonds, the District will still owe the Developers approximately $18,986,000 for the reimbursable expenditures advanced to date to develop land within the District and Bakke $0 for the reimbursable expenditures advanced to date to develop land within the District. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Approval of the Bonds

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

Consolidation

Under Texas Law, the District may be consolidated with other special purpose districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will not ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES."

Continuing Compliance with Certain Covenants

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

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. 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.

Water Supply & Discharge Issues: Water supply and discharge regulations that water control and improvement 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:

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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

On May 25, 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 CWA to conform with the Supreme Court's decision.

While the *Sackett* decision and subsequent regulatory actions 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.

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, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or

necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

National Weather Service Atlas 14 Rainfall Study

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

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.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on each series of the Bonds. The District has yet to determine whether an insurance policy will be available for purchase with each series of Bonds. The purchase of such insurance on the System Bonds is mandatory and will be at the expense of the System Initial Purchasers. The following are risk factors relating to bond insurance.

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

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

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

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

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

Neither the District or the Initial Purchasers has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE AND RATING" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

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 Orders. A copy of the Bond Orders may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056.

The Bonds are dated November 1, 2026 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about November 30, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover of this Official Statement. Principal of the Bonds will be payable to the Registered Owners (herein defined) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas, (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book- entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC,

National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," together with the Direct Participant(s), the "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect 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).

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

The District may decide to discontinue use of the system of Book-Entry-Only 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 DTC's Book-Entry-Only System has been obtained from sources that District believes to be reliable, but 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-Only form, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct or 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 Orders will be given only to DTC.

Outstanding Bonds

The District has previously issued two (2) series of unlimited tax bonds, as follows: $7,525,000 Unlimited Tax Bonds, Series 2025 (the "Outstanding System Bonds") and $9,635,000 Unlimited Tax Road Bonds, Series 2025 (the "Outstanding Road Bonds" and together with the Outstanding System Bonds, the "Outstanding Bonds"). As of the Date of Delivery, $16,990,000 principal amount of the Outstanding Bonds will remain outstanding.

Redemption Provisions

The Bonds maturing on and after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax, other governmental charges, or other expenses required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal amount for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer.

Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. See "BOOK-ENTRY-ONLY SYSTEM" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Funds

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

Upon closing of the System Bonds, twelve (12) months of capitalized interest will be deposited into the System Debt Service Fund. The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the System, including the System Bonds, the Outstanding System Bonds, and any additional bonds issued by the District for the System will also be deposited into the System Debt Service Fund. Funds in the System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the System, including the System Bonds, the Outstanding System Bonds, and any additional bonds issued by the District for the System and are not available to pay debt service on the bonds issued by the District for the Road System, including the Road Bonds, the Outstanding Road Bonds, or any additional bonds issued by the District for the Road System.

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

Upon closing of the Road Bonds, twelve (12) months of capitalized interest will be deposited into the Road System Debt Service Fund. The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the Road System, including Road Bonds, the Outstanding Road Bonds, 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 Road Bonds, the Outstanding Road Bonds, 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 System, including the System Bonds, the Outstanding System Bonds, or any additional bonds issued by the District for the System.

Record Date for Interest Payment

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Replacement of Paying Agent/Registrar

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Orders, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and any parity bonds hereinafter issued. The Bonds are obligations

of the District and are not the obligations of the State of Texas; Kendall County, Texas (the "County"); the City of Boerne, Texas (the "City"); or any entity other than the District.

Payment Record

The Bonds are the third issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of debt service on its bonded indebtedness.

Authority for Issuance

Voters in the District have authorized a total of $92,240,000 principal amount of bonds for the System to serve the District; $138,360,000 principal amount of refunding bonds for the System; $62,181,000 principal amount of bonds for the purpose of acquiring or constructing the Road System; and $96,271,500 principal amount of refunding bonds for the Road System.

The District also has the right to issue certain other additional bonds, special projects bonds, and other obligations, as described in the Bond Orders, and such additional bonds as may hereafter be authorized by the Board and voters of the District.

The System Bonds are issued pursuant to the System Bond Order; an election held on May 2, 2020; Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly, Chapters 49 and 51, Texas Water Code, as amended, and an order issued by the TCEQ, approving the issuance of the System Bonds.

The Road Bonds are issued pursuant to: (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including, particularly, Chapters 49 and 51 of the Texas Water Code, as amended; (ii) an order authorizing the issuance of the Road Bonds adopted by the Board on the date of sale of the Road Bond Order; and (iii) an election held within the District on May 2, 2020. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Orders.

Issuance of Additional Debt

Following the issuance of the Bonds, $74,995,000 principal amount of unlimited tax bonds for the System; $138,360,000 principal amount of refunding bonds for the System; $49,731,000 principal amount of bonds for the Road System; and $96,271,500 principal amount of refunding bonds for the Road System will remain authorized but unissued.

Following the issuance of the Bonds, the District will owe the Developers approximately $18,986,000 in reimbursables for District projects, the funds for which were advanced by the Developers.

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the District's consulting engineer, Cude Engineers (the "Engineer"), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developers the remaining amounts owed for the existing utility facilities, and to finance the extension of the System to serve the remaining undeveloped land and roads within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," "ROAD SYSTEM" and "RISK FACTORS – Future Debt."

Registered Owners' Remedies

Texas law and the Bond Orders provide that in the event the District defaults in the payment of the principal of or the interest on any of the Bonds when due, fails to make payments required by the Bond Orders into the debt service fund or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Orders, any Registered Owner shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Bond Orders. Such right is in addition to other rights the Registered Owners of the Bonds may be provided by the laws of the State of Texas.

Except for mandamus, the Bond Orders does not specifically provide for remedies to a Registered Owner in the event of default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners of the Bonds. 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 direct levy and execution against the District's public purpose property. Further, the Registered Owners could not themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. §§ 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a water control and improvement district such as the District must obtain approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition

of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

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

USE AND DISTRIBUTION OF SYSTEM BOND PROCEEDS

Proceeds of the System Bonds will be used to reimburse Pulte for the costs set out below. Proceeds of the System Bonds will also be used to pay developer interest, capitalized interest, and other costs associated with the issuance of the System Bonds.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the System Bonds and completion of agreed-upon procedures by the District's auditor.

A. CONSTRUCTION COSTS

A.	Developer Contribution Items	
	1. Corley Farms Unit 1	$ 3,598,235
	2. Engineering and Testing (8.3% of Item No. 1)	300,949
	3. Drainage Channel Fencing	16,215
	4. Preliminary Engineering	213,245
	Total Developer Contribution Items	$ 4,128,644
B.	District Items	
	1. Off-Site Water Line Easement Acquisition Costs	$ 28,750
	2. Water Impact Fees	1,009,206
	3. Biedenharn Off-Site Water Main	1,070,000
	4. Water Tank and Fire Kit	3,067
	5. Engineering and Testing	194,021
	Total District Items	$ 2,305,044
	TOTAL CONSTRUCTION COSTS	**$ 6,433,688**

B. NON-CONSTRUCTION COSTS

A.	Legal Fees	$ 258,000
B.	Financial Advisor Fees	188,850
C.	Interest Costs	
	1. Capitalized Interest (12 months 5.25%)	510,300
	2. Developer Interest	1,485,832
D.	Underwriter's Discount (3.00%)	291,600
E.	Bond Issuance Expenses	48,613
F.	Bond Application Report Costs	61,800
G.	District Operation Costs	407,518
H.	Attorney General Fee (0.10% or $9,500 max)	9,500
I.	TCEQ Fee (0.25% of BIR)	24,300
	TOTAL NON-CONSTRUCTION COSTS	**$ 3,286,312**
	TOTAL BOND ISSUE REQUIREMENT	**$ 9,720,000**

The Engineer has advised the District that the proceeds of the sale of the System Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

USE AND DISTRIBUTION OF ROAD BOND PROCEEDS

Proceeds of the Road Bonds will be used to reimburse Pulte for the costs set out below. Proceeds of the Road Bonds will also be used to pay developer interest, capitalized interest, and other costs associated with the issuance of the Road Bonds.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (hereinafter defined). 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 District's auditor.

A. CONSTRUCTION COSTS

A.	Developer Contribution Items -	
	1. Public Road Improvements and Right-of-Way Acquisition	$ 1,888,420
	Total Developer Contribution Items	$ 1,888,420
B.	District Items - None	$ -
	TOTAL CONSTRUCTION COSTS	**$ 1,888,420**

B. NON-CONSTRUCTION COSTS

A.	Legal Fees	$ 84,450
B.	Financial Advisor Fees	56,300
C.	Interest Costs	
	1. Capitalized Interest (12 months 5.75%)	161,863
	2. Developer Interest	472,317
D.	Underwriter's Discount (3.00%)	84,450
E.	Bond Issuance Expenses	53,126
F.	Bond Engineering	11,260
G.	Attorney General Fee (0.10% or $9,500 max)	2,815
	TOTAL NON-CONSTRUCTION COSTS	**$ 926,580**
	TOTAL BOND ISSUE REQUIREMENT	**$ 2,815,000**

The Engineer has advised the District that the proceeds of the sale of the Road Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District was created pursuant to an Amended and Restated Order Providing for the Terms of Division, adopted on December 10, 2019 by Kendall County Water Control and Improvement District No. 3 (the "Division Order"). The Division Order divided Kendall County Water Control and Improvement District No. 3 ("KC WCID 3") into Kendall County Water Control and Improvement District No. 3B ("KC WCID 3B") and the District. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to water control & improvement districts, including particularly, Chapters 49 and 51, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and roads. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the district's voters and the TCEQ. The District has obtained approval from voters and the TCEQ to operate a fire department but does not currently do so.

Description

The District, a political subdivision of the State of Texas, is located in Kendall County, Texas. The District contains approximately 374.864 acres. The District is located entirely within the extraterritorial jurisdiction (the "ETJ") of the City and about five (5) miles south of the central business district of the City. The District is located approximately 32 miles northwest of San Antonio, Texas and approximately 5 miles south of the central business district of the City in the County. Access to the District is provided from Scenic Loop Road, which connects to Interstate 10 on the east and Corley Road on the south. The District lies generally north and west of the intersection of Corley Road and Scenic Loop Road.

Consent Agreement with the City

The District has entered into an Interlocal Agreement with the City which provides that the District may issue bonds for water, sewer, drainage and road infrastructure without the consent of the City.

Management of the District

- Board of Directors -

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

Name	Position	Term Expires May
R. Hunt Winton III	President	2028
David Christian	Vice President	2030
W. Wendell Hall	Secretary	2028
Anthony Musetti	Assistant Secretary	2030
Barton T. Simpson	Assistant Secretary	2028

- Consultants -

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

Bookkeeper - The District's bookkeeper is L&S District Services, LLC.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, for the fiscal year ended July 31, 2025, is included as "APPENDIX A" to this Official Statement.

Engineer - The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Cude Engineers.

Bond & General Counsel - The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as bond counsel ("Bond Counsel") in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds. Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas also serves as the District's general counsel.

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

Financial Advisor – Cedar Creek Municipal Advisors, LLC 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 employed by the District and has participated in the preparation of the Official Statement, however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third-parties.

DEVELOPERS

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

Developers

The developers of land within the District are (i) Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte"), who own approximately 318.36 acres of residential land within the District being marketed as Corley Farms. There is no financing associated with Pulte acquisition of land or the development of the property in the District; the acquisition and development costs are paid with cash from Pulte; and (ii) Boernebak, LLC and Boernebak II, LLC (collectively "Bakke"), which is a privately-held real estate development company based in San Antonio, Texas, with land development operations in various central Texas cities. Bakke owns approximately 34.90 acres of commercial land within the District. Pulte has contracted to purchase approximately 27.62 acres from Bakke.

Pulte is part of PulteGroup, Inc. ("PulteGroup"), a family of companies that has been building homes for over 70 years. As of October 2026, PulteGroup is a publicly traded homebuilder on the New York Stock Exchange. Any financial information provided about Pulte or PulteGroup, or any description of financial arrangements is provided for context only and does not imply any commitment, responsibility or liability of Pulte or PulteGroup for any obligations of the District. Pulte and PulteGroup are not responsible for the payment of the Bonds or any other obligations of the District, have no legal commitment to the District or the owners of the Bonds to continue to develop land within the District, may sell or otherwise dispose of their property or any other assets at any time. The financial condition of Pulte and PulteGroup and any financial information provided may change at any time without notice and will not be updated.

Except for the payment of ad valorem taxes on any property owned by Pulte within the District, Pulte is not responsible for or liable for, and has not made any commitment for, payment of the Bonds or other obligations of the District. PulteGroup is not a Developer, is not obligated to the District or the bond holders in any manner and is not guaranteeing payment of any obligations to the District or the bond holders. Any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise.

Financial Information Regarding PulteGroup: PulteGroup files annual, quarterly, and current reports, proxy statements, and other information with the SEC. PulteGroup's SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, PulteGroup makes available on its website http://www.pultegroupinc.com its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on PulteGroup's, website, available by hyperlink from PulteGroup's website or on the SEC's website, is not incorporated into this Official Statement. The District has not obtained any representations from PulteGroup concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

Pulte and Bakke are collectively referred to herein as the "Developers."

Development Agreement with the City

Bakke and related entities entered into a Development Agreement with the City, effective November 26, 2019 (the "Development Agreement") which provides that all land within the boundaries of the District shall be annexed into the ETJ of the City, the land within the District shall be developed in accordance with the City's Subdivision Ordinance applicable to land within it's ETJ, and the City shall be the wholesale sewer and retail gas provider to land within the District.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Land within the District has been developed as the single-family subdivision of Corley Farms, Section 1-5 (aggregating approximately 199.20 acres and 593 single-family lots) and 16.75 acres is owned by Boerne Independent School District for development of an elementary school. As of October 1, 2026, land within the District has been developed as 423 completed homes, 4 completed model homes, 47 homes under construction, and 119 vacant developed lots. The remaining land within the District consists of approximately 154.60 undeveloped but developable acres, 4.31 undevelopable acres.

			Homes			
	Acres	Platted Lots	Completed (a)	Under Construction	Model Homes (a)	Vacant Lots
Corley Farms:						
Section 1	33.77	15	0	0	4	11
Section 2	56.77	225	223	0	0	2
Section 3	50.72	150	150	0	0	0
Section 4	38.16	127	50	40	0	37
Section 5	19.78	76	0	7	0	69
Total:	199.20	593	423	47	4	119
Elementary School	16.75					
Developable but Undeveloped	154.60					
Undevelopable Acreage	4.31					
Total Acreage and Platted Lots:	374.86					

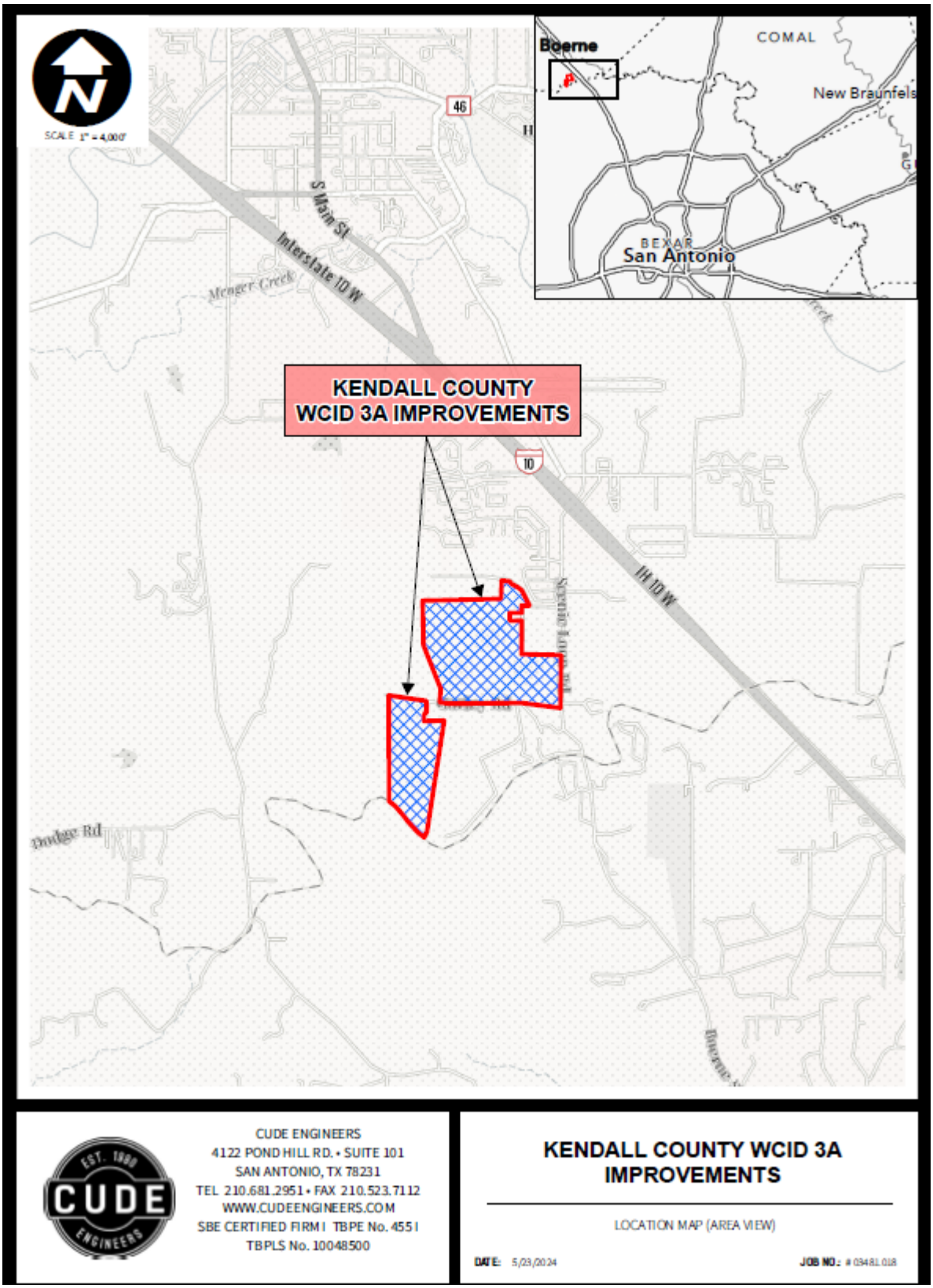
(a) According to the Developers, there were 413 occupied homes as of October 1, 2026.

Homebuilders

Homebuilders active in the District are Pulte (including Centex Homes) and Perry Homes. Homes are being marketed from $410,000 to over $720,000 and range in size from 1,600 square feet to over 3,500 square feet.

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LOCATION MAP



PHOTOGRAPHS OF THE DISTRICT

(October 2026)













PHOTOGRAPHS OF THE DISTRICT

(October 2026)













TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Orders to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.20 per $100 of assessed valuation for operation and maintenance purposes. The District levied a 2026 total tax rate of $1.10 per $100 of assessed valuation made up of the following: a tax rate of $0.390 per $100 of assessed valuation for payment of debt service on bonds issued for the System; a tax rate of $0.425 per $100 of assessed valuation for payment of debt service on bonds issued for the Road System; and a tax rate of $0.285 per $100 of assessed valuation for maintenance and operations purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance & Operations:	$1.20 per $100 of Assessed Valuation.

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal and interest on the Bonds. The District has levied its 2026 tax rate, which includes a debt service tax rate of $0.39 per $100 of assessed valuation for the System and a debt service tax rate of $0.425 per $100 of assessed valuation for the Road System.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance & operations of the District's improvements, if such maintenance & operations tax is authorized by vote of the District's electors. At an election held within the District on November 7, 2023, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed $1.20 per $100 assessed valuation. The District has levied its maintenance and operations tax for 2026 at the rate of $0.285 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemption

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

Additional Penalties

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

Historical Tax Collections

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

Tax Year	Assessed Valuation	Tax Rate/ $100 (a)	Adjusted Levy	% of Collections Current Year
2024	$ 32,491,851	$1.10	$ 357,410	99.16%
2025	111,829,628	1.10	1,230,126	96.28%
2026	155,893,897 (c)	1.10	1,714,833	(b)

(a) See "- Tax Rate Distribution" below.
(b) In process of collection. Taxes for the 2026 tax year are due by January 31, 2027.
(c) Excludes $354,910 of uncertified value.

Tax Rate Distribution

	2026	2025	2024
System Debt Service	$0.390	$0.550	$0.000
Road Debt Service	0.425	0.000	0.000
Maintenance & Operations	0.285	0.550	1.100
Total	$1.100	$1.100	$1.100

Analysis of Tax Base

The following table illustrates the District's total assessed value in the tax years 2023-2026, by type of property.

Type of Property	2026 Assessed Valuation (a)	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation
Land	$ 53,522,655	$ 52,718,101	$ 24,639,650	$ 1,154,110
Improvements	122,330,887	69,376,192	9,080,080	477,760
Personal Property	42,480	41,450	0	-
Exemption	(20,002,125)	(10,306,115)	(937,020)	(937,020)
Total	$155,893,897	$111,829,628	$ 32,782,710	$ 694,850

(a) Excludes $354,910 of uncertified value

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of 2026 Tax Roll
Pulte Homes of Texas LP (a) (b)	Land Improvements	$ 7,786,642	4.99%
Perry Homes LLC (a)	Land Improvements	3,952,890	2.54%
Homeowner	Land Improvements	2,435,300	1.56%
Homeowner	Land Improvements	1,355,260	0.87%
Homeowner	Land Improvements	718,490	0.46%
Homeowner	Land Improvements	714,730	0.46%
Homeowner	Land Improvements	709,640	0.46%
Homeowner	Land Improvements	709,320	0.46%
Ferway Investments LLC	Land Improvements	699,900	0.45%
Homeowner	Land Improvements	697,150	0.45%
Total		$ 19,779,322	12.69%

(a) See "DEVELOPMENT WITHIN THE DISTRICT – Homebuilders."
(b) See "DEVELOPERS – Developers."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed valuation that would be required to meet certain combined debt service requirements if no growth in the District occurs beyond the 2026 Certified Taxable Assessed Valuation ($156,248,807) or the Estimated Assessed Taxable Valuation as of October 20, 2026 ($223,784,979). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Combined Estimated Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2051)	$ 2,077,241
Tax Rate of $1.40 on the 2026 Certified Taxable Assessed Valuation produces	$ 2,078,109
Tax Rate of $0.98 on the Estimated Assessed Taxable Valuation as of October 20, 2026 produces	$ 2,083,438
Combined Estimated Maximum Debt Service Requirement on the Bonds and the Outstanding Bonds (2049)	$ 2,193,438
Tax Rate of $1.48 on the 2026 Certified Taxable Assessed Valuation produces	$ 2,196,858
Tax Rate of $1.04 on the Estimated Assessed Taxable Valuation as of October 20, 2026 produces	$ 2,210,996

Estimated Overlapping Taxes

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

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

Taxing Jurisdiction	2026 Tax Rate Per $100 of Assessed Value
The District	$1.100000
Kendall County, Texas	0.373000
Cow Creek Groundwater Conservation District	0.005000
Boerne Independent School District	1.006500
Total 2026 Overlapping Tax Rate for the District	$2.484500

THE SYSTEM

General

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

Description of the System

Water Supply and Distribution: Pursuant to the Interlocal Agreement and Term Wholesale Water Service Contract, dated August 8, 2018, as amended, between the District and the San Antonio Water Supply System (SAWS), SAWS provides wholesale water service to the District, with the District serving as the retail provider for customers within its boundaries. SAWS purchases its water supply from surface water sourced from Canyon Lake under contract with the Guadalupe-Blanco River Authority (GBRA). The GBRA provides regional long-term treatment and delivery of surface water via the Western Canyon Project to portions of Kendall, Comal, and Bexar Counties.

To facilitate water delivery, the District has constructed an offsite water line to connect its system to SAWS. The District receives water from SAWS on a take-or-pay tiered basis, with an available supply of 450 acre-feet in 2024, increasing annually, to a total available supply of 1,400 acre-fee per year.

Additionally, pursuant to the Agreement for Water Supply between Kendall County WCID No. 3A and GBRA, dated August 30, 2018, GBRA will provide wholesale service beginning January 1, 2038. GBRA has allocated the District a treated water reservation of 1,400 acre-feet per year.

Wastewater Treatment and Conveyance System: Pursuant to the Development Agreement, the City will be the wholesale provider of wastewater service to the District for up to 1,600 LUEs. The District will be the retail provider to customers within its boundaries. Wastewater treatment is provided by the City's Wastewater Treatment Plant. The 1.2 million gallons per day (MGD) plant is owned and operated by the City, and is currently permitted with an ultimate capacity of 1.2 MGD. Pursuant to the Development and Consent Agreement, Pulte was required to construct an offsite wastewater line to connect the District to the City's system. District wastewater is collected internally through various gravity and lift station/force mains and is conveyed from the District boundaries via an offsite 14-inch force main which ties into the City's wastewater collection system.

Storm-Water Drainage Facilities: Storm-water runoff from the District naturally flows in a southern direction initially into Balcones Creek. Storm-water runoff is collected through curb-and-gutter streets where it enters an underground storm sewer collection system which leads to a combination of open ditches and/or water quality/detention ponds and eventually to Balcones Creek.

Developed areas of the District are located outside of the Federal Emergency Management Agency (FEMA) mapped 1%-annual-chance (i.e., "100-year") floodplain. Floodplain is contained within drainage easements and no homes are constructed within floodplain areas.

THE ROAD SYSTEM

The Road System has been and will be funded with proceeds of the Road Bonds, the Outstanding Road Bonds, and any additional unlimited tax bonds issued for the Road System. The District will finance, design, and construct the Road System in phases as development progresses.

The roads within the District vary in width in accordance with the standards adopted by the City and are designed to accommodate the anticipated traffic demands at full build-out of the property within the District. The City owns and maintains all roads within the District, with the exception of Corley Road, which is governed and maintained by Kendall County.

Historical Operations of the System

The following is a summary of the District's general operating fund for the previous three fiscal years. The figures for August 1, 2025, to July 31, 2026, were obtained from the District's bookkeeper's report. The figures for the prior fiscal year ending July 31, 2024, and July 31, 2025, were obtained from the annual financial audit. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ended		
	7/31/2026 (a)	7/31/2025	7/31/2024
REVENUES			
Property Taxes	$ 581,897	$ 353,660	$ -
Water Service	542,940	466,270	99,199
Wastewater Service	483,770	404,858	119,750
Groundwater Reduction Plan Fees	-	39,971	-
Penalty and Interest	16,340	23,541	13,521
Connection & Inspection Fees	827,627	1,206,262	1,637,502
Investment & Misc. Revenues	152,091	5,778	480
TOTAL REVENUES	$ 2,604,644	$ 2,500,340	$ 1,870,452
EXPENDITURES			
Professional Services	$ 413,421	$ 490,965	$ 367,285
Contracted Services	217,699	114,162	22,403
Purchased Services	285,655	294,206	534,948
Repairs and maintenance	305,775	152,882	18,719
Other	54,781	260,225	207,435
Capital Outlay	1,256,298	2,449,947	1,450,988
TOTAL EXPENDITURES	$ 2,533,628	$ 3,762,387	$ 2,601,778
Excess Revenues (Expenditures)	**$ 71,036**	**$ (1,262,047)**	**$ (731,326)**
OTHER FINANCING			
Developer Financing	$ 59,433	$ 1,626,498	$ 1,041,515
NET CHANGE IN FUND BALANCE	$ 130,469	$ 364,451	$ 310,189
BEGINNING FUND BALANCE	$ 403,867	$ 39,416	$ (270,773)
ENDING FUND BALANCE	$ 534,336	$ 403,867	$ 39,416

(a) Unaudited financial numbers from the District's bookkeeper.

DISTRICT DEBT

2026 Certified Taxable Assessed Valuation	$	156,248,807	(a)
Estimated Assessed Taxable Valuation as of October 20, 2026	$	223,784,979	(b)
Direct Debt:			
The Outstanding Bonds	$	16,990,000	
The System Bonds	$	9,720,000	
The Road Bonds	$	2,815,000	
Total	$	29,525,000	
Estimated Overlapping Debt	$	6,212,446	(c)
Total Direct and Estimated Overlapping Debt	$	35,737,446	(c)
Direct Debt Ratios:			
As a percentage of 2026 Certified Taxable Assessed Valuation		18.90 %	
As a percentage of Estimated Assessed Taxable Valuation as of October 20, 2026		13.19 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of 2026 Certified Taxable Assessed Valuation		22.87 %	
As a percentage of Estimated Assessed Taxable Valuation as of October 20, 2026		15.97 %	
General Operating Fund (as of October 20, 2026)	$	456,339	
Road System Debt Service Fund (as of October 20, 2026)	$	372,725	(d)
System Debt Service Fund (as of October 20, 2026)	$	542,489	(e)
2026 District Tax Rate per $100 of Assessed Valuation			
System Debt Service		$0.390	
Road System Debt Service		$0.425	
Maintenance & Operations		$0.285	
Total		$1.100	
Combined Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2027-2051)	$	2,077,241	(f)
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2049)	$	2,193,438	(f)
Tax Rate per $100 of Assessed Valuation Required to Pay the Combined Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2027-2051) at 95% Tax Collections:			
Based Upon 2026 Certified Taxable Assessed Valuation		$1.40	
Based Upon the Estimated Assessed Taxable Valuation as of October 20, 2026		$0.98	
Tax Rate per $100 of Assessed Valuation Required to Pay the Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2049) at 95% Tax Collections:			
Based Upon 2026 Certified Taxable Assessed Valuation		$1.48	
Based Upon the Estimated Assessed Taxable Valuation as of October 20, 2026		$1.04	
Number of Single-Family Homes (including 47 homes in various stages of construction and 4 model homes) as of October 1, 2026		474	

(a) As certified by the Appraisal District. Amount includes $354,910 of uncertified value. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year.

(b) Provided by the Appraisal District as the Estimate of Value as of October 20, 2026. This value represents the estimated determination of the taxable value in the District as of October 20, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and therefore, this estimate will not be the basis for any tax levy by the District. See "TAXING PROCEDURES."

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

(d) At the delivery of the Road Bonds, 12 months of capitalized interest will be deposited into the District's Road System Debt Service Fund. Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the District's Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the System, including the System Bonds and the Outstanding System Bonds.

(e) At the delivery of the System Bonds, 12 months of capitalized interest will be deposited into the District's System Debt Service Fund. Neither Texas law nor the System Bond Order requires that the District maintain any particular sum in the District's System Debt Service Fund. Funds in the System Debt Service Fund are not available to pay debt service on bonds issued for the acquisition or construction of the Road System, including the Road Bonds and the Outstanding Road Bonds.

(f) Estimated requirement of combined debt service on the Outstanding Bonds and the Bonds. Debt service on the Bonds is estimated at an interest rate of 5.75%. See "DISTRICT DEBT – Debt Service Requirements."

Estimated Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and estimated interest requirements on the Bonds, assuming an estimated interest rate of 5.75%.

Calendar Year	Outstanding Debt Service	The System Bonds: Principal	The System Bonds: Interest:	The Road Bonds: Principal	The Road Bonds: Interest	Combined Outstanding Debt Service
2027	$ 1,209,950	$ –	$ 394,335	$ –	$ 114,203	$ 1,718,488
2028	1,198,175	200,000	558,900	60,000	161,863	2,178,938
2029	1,190,413	210,000	547,400	60,000	158,413	2,166,225
2030	1,181,325	220,000	535,325	65,000	154,963	2,156,613
2031	1,175,913	235,000	522,675	70,000	151,225	2,154,813
2032	1,163,850	250,000	509,163	70,000	147,200	2,140,213
2033	1,160,463	260,000	494,788	75,000	143,175	2,133,425
2034	1,159,263	275,000	479,838	80,000	138,863	2,132,963
2035	1,161,238	295,000	464,025	85,000	134,263	2,139,525
2036	1,167,188	310,000	447,063	90,000	129,375	2,143,625
2037	1,171,900	325,000	429,238	95,000	124,200	2,145,338
2038	1,180,375	345,000	410,550	100,000	118,738	2,154,663
2039	1,182,031	365,000	390,713	105,000	112,988	2,155,731
2040	1,187,431	385,000	369,725	110,000	106,950	2,159,106
2041	1,190,863	410,000	347,588	120,000	100,625	2,169,075
2042	1,196,838	435,000	324,013	125,000	93,725	2,174,575
2043	1,201,063	460,000	299,000	135,000	86,538	2,181,600
2044	1,197,950	485,000	272,550	140,000	78,775	2,174,275
2045	1,202,675	510,000	244,663	150,000	70,725	2,178,063
2046	1,210,375	540,000	215,338	155,000	62,100	2,182,813
2047	1,210,150	570,000	184,288	165,000	53,188	2,182,625
2048	1,217,869	605,000	151,513	175,000	43,700	2,193,081
2049	1,218,075	640,000	116,725	185,000	33,638	2,193,438
2050	676,000	675,000	79,925	195,000	23,000	1,648,925
2051	-	715,000	41,113	205,000	11,788	972,900
Total	$ 28,011,369	$ 9,720,000	$ 8,830,448	$ 2,815,000	$ 2,554,215	$ 51,931,032

(a) Totals may not sum due to rounding.

Combined Estimated Average Annual Requirements on the Bonds and the Outstanding Bonds (2027-2051) ..... $ 2,077,241

Combined Estimated Maximum Annual Requirement on the Bonds and the Outstanding Bonds (2049) ..... $ 2,193,438

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Estimated Direct and Overlapping Debt Statement

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

		Estimated Overlapping Debt	
Taxing Jurisdiction	Debt as of September 30, 2026	Percent	Amount
Kendall County, Texas	$ 24,260,000	1.20%	$ 291,824
Boerne Independent School District	356,554,896	1.66%	5,920,622
Total Estimated Overlapping Debt			$ 6,212,446
The District			29,525,000 (a)
Total Direct & Estimated Overlapping Debt			$ 35,737,446

(a) The Outstanding Bonds and the Bonds.

Debt Ratios

	% of 2026 Assessed Valuation	Estimated Assessed Taxable Valuation as of October 20, 2026
Direct Debt (a)	18.90%	13.19%
Direct and Estimated Overlapping Debt (a)	22.87%	15.97%

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Orders to levy such a tax from year-to-year as described more fully herein under "THE BONDS - Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA - Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board (the "Appraisal Review Board") with the responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within Kendall County, including the District. Such appraisal values are subject to review and change by the Appraisal Review Board. The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. For tax year 2026, the District has not granted any exemptions for persons age 65 or older or disabled persons. Qualifying surviving spouses of a person 65 years of age or older would be entitled to receive an exemption equal to the exemption received by the deceased spouse. The District may be required to offer such exemptions if a majority of voters approve the same at an election, which the District would be required to call upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to twenty (20%) percent of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any 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 District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

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

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code classifies districts differently based on the current operation and maintenance tax rate or on the percentage of projected build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 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 in the district, 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 Property Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 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 President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised as its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years for agricultural use, timberland or open space land prior to the loss of the designation.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty

of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) to defray collection costs if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances. Under certain circumstances, property owners located within a natural disaster area affected by a disaster may pay property taxes in four equal installments following the disaster. Further, a person who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead.

District's Rights in the Event of Tax Delinquencies

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal 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 and the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax.

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT - General," "THE BONDS (except under the subheading "Registered Owner's Remedies)," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings") solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developers for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchasers to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in this Official Statement, as it may be supplemented or amended, through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Initial Purchasers of its obligations to take up and pay for the Bonds.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Orders subsequent to the issuance of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"), and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations for tax years. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

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

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

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

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

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

Proposed Tax Legislation

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

Tax Accounting Treatment of Original Issue Discount

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

NOT Qualified Tax-Exempt Obligations

The District will NOT designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code due to the fact that the reasonably anticipated amount of tax-exempt obligations which will be issued by the District during the calendar year 2026, including the Bonds, will exceed $10,000,000.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to 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 in this Official Statement under the heading "DISTRICT DEBT," "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.

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

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

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners 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 within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule, the sale of all or substantially all of the assets of the District within the meaning of the Rule, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Orders make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The Bonds are the third issuance of bonded indebtedness by the District. The District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: "THE DISTRICT," "THE SYSTEM," "DEVELOPERS," "DEVELOPMENT WITHIN THE DISTRICT," "TAX DATA," "THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS" and "TAX MATTERS."

Experts

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

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

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

Auditor

The District's audited financial statements for the year ended July 31, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountant, Houston, Texas, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity, in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Kendall County Water Control & Improvement District No. 3A, as of the date shown on the first page hereof.

/s/ _____
R. Hunt Winton III
President, Board of Directors
Kendall County Water Control & Improvement District No. 3A

ATTEST:

/s/ _____
W. Wendell Hall
Secretary, Board of Directors
Kendall County Water Control & Improvement District No. 3A

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A

KENDALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kendall County Water Control and
Improvement District No. 3A
Kendall County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kendall County Water Control and Improvement District No. 3A (the "District") as of and for the year ended July 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 the District as of July 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Board of Directors
Kendall County Water Control and
Improvement District No. 3A

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

November 7, 2025

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2025

Management's discussion and analysis of the financial performance of Kendall County Water Control and Improvement District No. 3A (the "District") provides an overview of the District's financial activities for the year ended July 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $4,967,191 as of July 31, 2025. A portion of the District's net position reflects its net investment in capital assets which includes the cost of facilities the District owns and maintains as well as those facilities which have been conveyed to other entities, less any related debt.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position for the years ending July 31, 2025 and July 31, 2024.

Summary of Changes in the Statement of Net Position

	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 1,356,624	$ 497,653	$ 858,971
Capital Assets (Net of Depreciation)	36,472,247	31,297,383	5,174,864
Total Assets	$ 37,828,871	$ 31,795,036	$ 6,033,835
Due to Developers	$ 34,814,626	$ 31,505,211	$ (3,309,415)
Bonds Payable	7,625,526		(7,625,526)
Other Liabilities	355,910	458,237	102,327
Total Liabilities	$ 42,796,062	$ 31,963,448	$ (10,832,614)
Net Position:			
Net Investment in Capital Assets	$ (5,845,894)	$ (207,828)	$ (5,638,066)
Restricted	467,886		467,886
Unrestricted	410,817	39,416	371,401
Total Net Position	$ (4,967,191)	$ (168,412)	$ (4,798,779)

The following table provides a summary of the District's operations for the years ending July 31, 2025 and July 31, 2024.

Summary of Changes in the Statement of Activities

	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 360,610	$	$ 360,610
Charges for Services	2,145,929	1,869,972	275,957
Other Revenues	11,856	480	11,376
Total Revenues	$ 2,518,395	$ 1,870,452	$ 647,943
Expenses for Services	7,317,174	1,328,080	(5,989,094)
Change in Net Position	$ (4,798,779)	$ 542,372	$ (5,341,151)
Net Position, Beginning of Year	(168,412)	(710,784)	542,372
Net Position, End of Year	$ (4,967,191)	$ (168,412)	$ (4,798,779)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2025, was $1,079,244, an increase of $1,039,828 from the prior year.

The General Fund fund balance increased by $364,451, primarily due to service revenues and developer advances exceeding operating, capital, and administrative costs.

The Debt Service Fund fund balance increased by $553,366, primarily due to the structure of the District's debt service requirements. The District sold its Series 2025 Tax Bonds and deposited capitalized interest into the Debt Service Fund.

The Capital Projects Fund fund balance increased by $122,011. The District sold its Series 2025 Tax Bonds and used the proceeds to reimburse is developers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a budget for the General Fund. Actual revenues were $670,640 more than budgeted revenues and actual expenditures (net of developer advances) were $626,867 more than budgeted expenditures. The result was a negative budget variance of $43,773. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets consist of land, utilities and road infrastructure which at year-end totaled $36,472,247. See Note 6 for more information.

Capital Assets At Year-End

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,734,027	$ 227,907	$ 1,506,120
Capital Assets Subject to Depreciation:			
Water System	12,099,638	10,371,474	1,728,164
Wastewater System	11,507,110	7,700,860	3,806,250
Drainage System	6,569,920	6,569,920	
Roads	6,604,512	6,604,512	
Less Accumulated Depreciation	(2,042,960)	(177,290)	(1,865,670)
Total Net Capital Assets	$ 36,472,247	$ 31,297,383	$ 5,174,864

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $7,525,000. Changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, August 1, 2024	$ - 0 -
Add: Bond Sale - Series 2025	7,525,000
Bond Debt Payable, July 31, 2025	$ 7,525,000

The District has not been assigned an underlying rating. The District's bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

As of July 31, 2025, the District recorded an amount due to Developers of $34,814,626 which consisted of capital and operating advances made by Developers since inception as well as costs associated with completed water, wastewater, drainage and road infrastructure projects.

CONTACTING THE DISTRICT'S MANAGEMENT

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kendall County Water Control and Improvement District No. 3A, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd, Suite 2650, Houston, Texas 77056.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 557,731	$ 567,626
Receivables:		
Property Taxes	6,950	
Service Accounts	99,106	
Due from Other Funds	17,460	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 681,247	$ 567,626
LIABILITIES		
Accounts Payable	$ 193,655	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		14,260
Security Deposits	76,775	
Long-Term Liabilities:		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 270,430	$ 14,260
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 6,950	$ -0-
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		553,366
Unassigned	403,867	
TOTAL FUND BALANCES	$ 403,867	$ 553,366
TOTAL LIABILITIES, DEFERRED OF RESOURCES, AND FUND BALANCES	$ 681,247	$ 567,626
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 125,211	$ 1,250,568	$	$ 1,250,568
	6,950		6,950
	99,106		99,106
	17,460	(17,460)	
		1,734,027	1,734,027
		34,738,220	34,738,220
$ 125,211	$ 1,374,084	$ 36,454,787	$ 37,828,871
$	$ 193,655	$	$ 193,655
		85,480	85,480
		34,814,626	34,814,626
3,200	17,460	(17,460)	
	76,775		76,775
		7,625,526	7,625,526
$ 3,200	$ 287,890	$ 42,508,172	$ 42,796,062
$ -0-	$ 6,950	$ (6,950)	$ -0-
$ 122,011	$ 122,011	$ (122,011)	$
	553,366	(553,366)	
	403,867	(403,867)	
$ 122,011	$ 1,079,244	$ (1,079,244)	$ -0-
$ 125,211	$ 1,374,084		
		$ (5,845,894)	$ (5,845,894)
		467,886	467,886
		410,817	410,817
		$ (4,967,191)	$ (4,967,191)

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

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JULY 31, 2025

Total Fund Balances - Governmental Funds		$ 1,079,244
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		36,472,247
Deferred inflows of resources related to property tax revenues for the 2024 tax levy became part of recognized revenue in the governmental activities of the District.		6,950
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This liability at year end consists of:		
Due to Developers	(34,814,626)	
Accrued Interest Payable	(85,480)	
Bonds Payable	(7,625,526)	(42,525,632)
Total Net Position - Governmental Activities		$ (4,967,191)

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

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JULY 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 353,660	$
Water Service	466,270	
Wastewater Service	404,858	
Garbage Service	39,971	
Penalty and Interest	23,541	5,027
Connection and Inspection Fees	1,206,262	
Investment and Miscellaneous Revenues	5,778	4,745
TOTAL REVENUES	$ 2,500,340	$ 9,772
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 490,965	$
Contracted Services	114,162	4,375
Purchased Services	294,206	
Repairs and Maintenance	152,882	
Depreciation		
Other	260,225	3,394
Capital Outlay	2,449,947	
Developer Interest		
Conveyance of Assets		
Reimbursement of Creation and Operating Costs		
Debt Service:		
Bond Interest		
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 3,762,387	$ 7,769
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (1,262,047)	$ 2,003
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$ 551,363
Bond Discount		
Bond Premium		
Developer Advances	1,626,498	
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,626,498	$ 551,363
NET CHANGE IN FUND BALANCES	$ 364,451	$ 553,366
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2024	39,416	
FUND BALANCES/NET POSITION - JULY 31, 2025	$ 403,867	$ 553,366

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 353,660	$ 6,950	$ 360,610
	466,270		466,270
	404,858		404,858
	39,971		39,971
	28,568		28,568
	1,206,262		1,206,262
1,333	11,856		11,856
$ 1,333	$ 2,511,445	$ 6,950	$ 2,518,395
$	$ 490,965	$	$ 490,965
	118,537		118,537
	294,206		294,206
	152,882		152,882
		1,865,670	1,865,670
60	263,679		263,679
5,345,621	7,795,568	(7,795,568)	
801,676	801,676		801,676
		1,908,652	1,908,652
		529,299	529,299
		84,659	84,659
806,949	806,949		806,949
$ 6,954,306	$ 10,724,462	$ (3,407,288)	$ 7,317,174
$ (6,952,973)	$ (8,213,017)	$ 3,414,238	$ (4,798,779)
$ 6,973,637	$ 7,525,000	$ (7,525,000)	$
(101,303)	(101,303)	101,303	
202,650	202,650	(202,650)	
	1,626,498	(1,626,498)	
$ 7,074,984	$ 9,252,845	$ (9,252,845)	$ -0-
$ 122,011	$ 1,039,828	$ (1,039,828)	$
		(4,798,779)	(4,798,779)
	39,416	(207,828)	(168,412)
$ 122,011	$ 1,079,244	$ (6,046,435)	$ (4,967,191)

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

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JULY 31, 2025

Net Change in Fund Balances - Governmental Funds	$	1,039,828
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		6,950
Governmental funds do not account for depreciation. However, depreciation expense is recorded in governmental activities.		(1,865,670)
Governmental funds report developer reimbursements as expenditures in the period paid. However, in governmental activities, reimbursements to developers decrease long-term liabilities or increase capital assets.		5,639,771
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.		(1,908,652)
Governmental funds report bond proceeds, bond discounts, and bond premiums as other financing sources and uses in the year bonds are sold. However, in governmental activities, bond proceeds, net of unamortized bond discounts and bond premiums, are recorded as long-term liabilities.		(7,626,347)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(84,659)
Change in Net Position - Governmental Activities	$	(4,798,779)

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

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2025

NOTE 1. CREATION OF DISTRICT

On December 10, 2019, Kendall County Water Control and Improvement District No. 3 adopted an order providing for the division of the district into two districts including Kendall County Water Control and Improvement District No. 3A (the "District") and Kendall County Water Control and Improvement District No. 3B. The creation of the District was confirmed by an election held May 2, 2020. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 51, Texas Water Code, as amended. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality. 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; the control and diversion of storm water; and roads. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission. The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, service revenues and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources and uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of year end, the Debt Service Fund owed the General Fund $14,260 for maintenance taxes and the Capital Projects Fund owed the General Fund $3,200 for bond issuance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, roads and utilities infrastructure, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset will be capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over estimated useful lives ranging from 10 to 45 years.

Budgeting

The Board of Directors adopts a budget each year for the General Fund. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2025 Utility
Amount Outstanding – July 31, 2025	$ 7,525,000
Interest Rates	4.25% - 6.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2031*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2025 Utility term bonds maturing on September 1, 2039 are subject to mandatory redemption beginning on September 1, 2038.

As of July 31, 2025, the District had authorized but unissued bonds in the amount of $84,715,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, $64,181,000 for road facilities, $138,360,000 for the purpose of refunding water, sewer and drainage facilities bonds, and $96,271,500 for the purpose of refunding road bonds.

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

	August 1, 2024	Additions	Retirements	July 31, 2025
Bonds Payable	$	$ 7,525,000	$	$ 7,525,000
Unamortized Discounts		(101,303)	(821)	(100,482)
Unamortized Premiums		202,650	1,642	201,008
Bonds Payable, net	$ -0-	$ 7,626,347	$ 821	$ 7,625,526

Amount Due Within One Year	$ -0-
Amount Due After One Year	7,625,526
Total Bonds Payable, net	$ 7,625,526

NOTE 3. LONG-TERM DEBT (Continued)

As of July 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$	$ 287,214	$ 287,214
2027	170,000	363,537	533,537
2028	180,000	351,725	531,725
2029	185,000	339,406	524,406
2030	195,000	326,581	521,581
2031-2035	1,135,000	1,422,055	2,557,055
2036-2040	1,450,000	1,108,729	2,558,729
2041-2045	1,850,000	747,016	2,597,016
2046-2050	2,360,000	276,076	2,636,076
	$ 7,525,000	$ 5,222,339	$ 12,747,339

The bonds are payable from an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District did not levy an ad valorem debt service tax rate for the 2024 tax year. The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

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

On May 21, 2025, the District closed on the sale of its $7,525,000 Series 2025 Unlimited Tax Bonds. Proceeds from the sale were used to reimburse Developers for water capacity, reservation and impact fees paid to the San Antonion Water System and wastewater capacity payments made to the City of Boerne. The Developers were also reimbursed for creation and operating advances. Additional proceeds were used to pay for bond issuance, developer interest, and capitalized interest.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

The bond resolution states that the District is required to provide continuing disclosure of certain general financial information and operating data as well as notice of certain material events as defined by federal securities laws with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,250,568 and the bank balance was $1,391,658. The District was not exposed to custodial credit risk. The carrying values of the deposits at July 31, 2025, are summarized in the following table:

	Cash
GENERAL FUND	$ 557,731
DEBT SERVICE FUND	567,626
CAPITAL PROJECTS FUND	125,211
TOTAL DEPOSITS	$ 1,250,568

NOTE 5. DEPOSITS AND INVESTMENTS

Investments

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

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

As of July 31, 2025, the District did not own any investments.

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

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

	August 1, 2024	Increases	Decreases	July 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 227,907	$ 1,506,120	$ -0-	$ 1,734,027
Capital Assets Subject to Depreciation				
Water System	$ 10,371,474	$ 1,728,164	$	$ 12,099,638
Wastewater System	7,700,860	3,806,250		11,507,110
Drainage System	6,569,920			6,569,920
Roads	6,604,512			6,604,512
Total Capital Assets Subject to Depreciation	$ 31,246,766	$ 5,534,414	$ -0-	$ 36,781,180
Accumulated Depreciation				
Water System	$ 93,223	$ 1,218,472	$	$ 1,311,695
Wastewater System	18,295	354,433		372,728
Drainage System	32,800	145,998		178,798
Roads	32,972	146,767		179,739
Total Accumulated Depreciation	$ 177,290	$ 1,865,670	$ -0-	$ 2,042,960
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 31,069,476	$ 3,668,744	$ -0-	$ 34,738,220
Total Capital Assets, Net of Accumulated Depreciation	$ 31,297,383	$ 5,174,864	$ -0-	$ 36,472,247

NOTE 7. MAINTENANCE TAX

On November 7, 2023, District voters authorized the levy and collection of a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay any lawfully authorized costs. For the 2024 tax year, the District levied an ad valorem maintenance tax rate of $1.10 per $100 of assessed valuation, which resulted in a tax levy of $360,610 on the adjusted taxable valuation of $32,782,710.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. UNREIMBURSED COSTS

The District has entered into financing and reimbursement agreements with Developers which provides for the Developers to make payments on behalf of the District for various projects and operating advances. The District has recorded a liability to the Developers of $34,814,626 for completed construction projects and operating advances as of July 31, 2025. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developer. The following table summarizes the current fiscal year activity:

Due to Developers, August 1, 2024	$ 31,505,211
Add: Current Year Additions	9,456,713
Less: Current Year Payments	(6,147,298)
Due to Developers, July 31, 2025	$ 34,814,626

NOTE 10. WATER SERVICE AGREEMENT

Water service to the District is provided pursuant to an Interlocal Agreement and Term Wholesale Water Service Contract with the San Antonio Water System ("SAWS"). The District agrees to an annual commitment to purchase water from SAWS on a take-or-pay basis. The District pays monthly charges based on water flowing through the meters at the point of delivery at a rate determined by SAWS which is currently $6.63 per 1,000 gallons. The District incurred purchased water costs totaling $294,206 during the current fiscal year.

NOTE 11. DEVELOPMENT AGREEMENT WITH THE CITY

The Developer and related entities entered into a Development Agreement with the City of Boerne (the "City"), effective November 26, 2019 (the "Development Agreement") which provides that all land within the boundaries of the District shall be annexed into the ETJ of the City and the land within the District shall be developed in accordance with the City's Subdivision Ordinance applicable to land within its ETJ.

NOTE 11. DEVELOPMENT AGREEMENT WITH THE CITY (Continued)

Pursuant to the Development Agreement, the City will be the wholesale provider of wastewater service to the District for up to 1,600 LUEs. The District is the retail provider to customers within its boundaries. Wastewater treatment is provided by the City's Wastewater Treatment Plant. The 1.2 million gallons per day (MGD) plant is owned and operated by the City, and is currently permitted with an ultimate capacity of 1.2 MGD. Pursuant to the Development and Consent Agreement, the Developer was required to construct an offsite wastewater line to connect the District to the City's system. District wastewater is collected internally through various gravity and lift station/force mains and is conveyed from the District boundaries via an offsite 14-inch force main which ties into the City's wastewater collection system.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2025

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 330,000	$ 353,660	$ 23,660
Water Service	150,000	466,270	316,270
Wastewater Service	275,000	404,858	129,858
Garbage Service		39,971	39,971
Penalty and Interest	12,000	23,541	11,541
Connection and Inspection Fees	1,061,200	1,206,262	145,062
Penalty, Interest, and Other	1,500	5,778	4,278
TOTAL REVENUES	$ 1,829,700	$ 2,500,340	$ 670,640
EXPENDITURES			
Service Operations:			
Professional Fees	$ 288,500	$ 490,965	$ (202,465)
Contracted Services	38,400	114,162	(75,762)
Purchased Services	336,000	294,206	41,794
Repairs and Maintenance	34,000	152,882	(118,882)
Other	62,122	260,225	(198,103)
Capital Outlay, Net of Advances	750,000	823,449	(73,449)
TOTAL EXPENDITURES	$ 1,509,022	$ 2,135,889	$ (626,867)
NET CHANGE IN FUND BALANCE	$ 320,678	$ 364,451	$ 43,773
FUND BALANCE - AUGUST 1, 2024	39,416	39,416	
FUND BALANCE - JULY 31, 2025	$ 360,094	$ 403,867	$ 43,773

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2025

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
X	Solid Waste/Garbage		Flood Control	X	Roads
	Participates in joint venture, regional system and/or wastewater service				
	Other (specify):				

2. RETAIL SERVICE PROVIDERS:

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

The following rates are based on the rate order approved April 21, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 75.00	5,000	N	$ 7.25	5,001 to 10,000
				$ 7.75	10,001 to 15,000
				$ 9.00	15,001 and up
WASTEWATER:	$126.25*	-0-	Y		

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

Total monthly charges per 10,000 gallons usage: Water: $111.25 Wastewater: $126.25

* Includes trash collection

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	374	360	x 1.0	360
1"	2	2	x 2.5	5
1½"	2	2	x 5.0	10
2"	1	1	x 8.0	8
3"	1	1	x 15.0	15
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	380	366		398
Total Wastewater Connections	375	363	x 1.0	363

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

Gallons pumped into system:	36,916,000	Water Accountability Ratio: 99% (Gallons billed and used for maintenance/Gallons pumped)
Leaks and Flushing:	2,910,000	
Gallons billed to customers:	33,630,000	

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2025

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

The District is located approximately 32 miles northwest of San Antonio, Texas and approximately 5 miles south of the central business district of the City of Boerne, Texas (the "City") in Kendall County, Texas. Access to the District is provided from Scenic Loop Road, which connects to Interstate 10 on the east and Corely Road on the south. The District lies generally north and west of the intersection of Corely Road and Scenic Loop Road. The District is located wholly within the extraterritorial jurisdiction ("ETJ") of the City.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2025

PROFESSIONAL FEES:		
Auditing	$	10,000
Engineering		186,797
Legal		294,168
TOTAL PROFESSIONAL FEES	$	490,965
PURCHASED SERVICES	$	294,206
CONTRACTED SERVICES:		
Bookkeeping	$	9,702
Operations and Billing		58,467
Solid Waste Disposal		45,993
TOTAL CONTRACTED SERVICES	$	114,162
UTILITIES	$	6,385
REPAIRS AND MAINTENANCE	$	152,882
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	7,613
Insurance		11,910
Website, Meetings, and Other		2,650
TOTAL ADMINISTRATIVE EXPENDITURES	$	22,173
CAPITAL OUTLAY	$	2,449,947
OTHER EXPENDITURES:		
Chemicals	$	2,331
Lab Fees and Permit Fees		9,389
Connection and Inspection Fees		217,804
TCEQ Regulatory Assessment		2,143
TOTAL OTHER EXPENDITURES	$	231,667
TOTAL EXPENDITURES	$	3,762,387

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025

	Maintenance Taxes	
TAXES RECEIVABLE - AUGUST 1, 2024	$ -0-	
Adjustments to Beginning Balance		$ -0-
Original 2024 Tax Levy	$ 357,707	
Adjustment to 2024 Tax Levy	2,903	360,610
TOTAL TO BE ACCOUNTED FOR		$ 360,610
TAX COLLECTIONS:		
Prior Years	$ -0-	
Current Year	353,660	353,660
TAXES RECEIVABLE - JULY 31, 2025		$ 6,950
TAXES RECEIVABLE BY YEAR:		
2024		$ 6,950

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2025

	2024
PROPERTY VALUATIONS:	
Land	$ 31,347,210
Improvements	9,080,080
Exemptions	(7,644,580)
TOTAL PROPERTY VALUATIONS	$ 32,782,710
TAX RATES PER $100 VALUATION:	
Maintenance	$ 1.10
ADJUSTED TAX LEVY*	$ 360,610
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.07 %

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

Note: The maximum maintenance tax rate of $1.20 per $100 assessed valuation was approved by voters on November 7, 2023.

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2025

	SERIES-2025 UTILITY		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$	$ 287,214	$ 287,214
2027	170,000	363,537	533,537
2028	180,000	351,725	531,725
2029	185,000	339,406	524,406
2030	195,000	326,581	521,581
2031	205,000	313,081	518,081
2032	215,000	298,906	513,906
2033	225,000	284,056	509,056
2034	240,000	269,262	509,262
2035	250,000	256,750	506,750
2036	260,000	245,913	505,913
2037	275,000	234,544	509,544
2038	290,000	222,538	512,538
2039	305,000	209,703	514,703
2040	320,000	196,031	516,031
2041	335,000	181,702	516,702
2042	350,000	166,500	516,500
2043	370,000	150,301	520,301
2044	390,000	133,200	523,200
2045	405,000	115,313	520,313
2046	425,000	96,638	521,638
2047	450,000	76,950	526,950
2048	470,000	56,250	526,250
2049	495,000	34,538	529,538
2050	520,000	11,700	531,700
	$ 7,525,000	$ 5,222,339	$ 12,747,339

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2025

Description	Original Bonds Issued	Bonds Outstanding August 1, 2024
Kendall County Water Control & Improvement District No. 3A Unlimited Tax Bonds - Series 2025	$ 7,525,000	$ -0-

Bond Authority:	Utility Bonds	Road Bonds	Refunding Utility Bonds
Amount Authorized by Voters	$ 92,240,000	$ 64,181,000	$ 138,360,000
Amount Issued	(7,525,000)		
Remaining to be Issued	$ 84,715,000	$ 64,181,000	$ 138,360,000

Debt Service Fund cash balance as of July 31, 2025:	$ 567,626
Average annual debt service payment for remaining term of all bond debt:	$ 509,894

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding July 31, 2025	Paying Agent
$ 7,525,000	$ -0-	$ -0-	$ 7,525,000	BOKF, NA

Refunding Road Bonds
$ 96,271,500
$ 96,271,500

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – TWO YEARS

	Amounts		Percentage of Total Revenues	
	2025	2024	2025	2024
REVENUES				
Property Taxes	$ 353,660	$	14.2 %	%
Water Service	466,270	99,199	18.6	5.3
Wastewater Service	404,858	119,750	16.2	6.4
Groundwater Reduction Plan Fees	39,971		1.6	
Penalty and Interest	23,541	13,521	0.9	0.7
Connection and Inspection Fees	1,206,262	1,637,502	48.2	87.5
Investment and Miscellaneous Revenues	5,778	480	0.3	0.1
TOTAL REVENUES	$ 2,500,340	$ 1,870,452	100.0 %	100.0 %
EXPENDITURES				
Professional Fees	$ 490,965	$ 367,285	19.6 %	19.6 %
Contracted Services	114,162	22,403	4.6	1.2
Purchased Services	294,206	534,948	11.8	28.6
Repairs and Maintenance	152,882	18,719	6.1	1.0
Other	260,225	207,435	10.4	11.1
Capital Outlay	2,449,947	1,450,988	98.0	77.6
TOTAL EXPENDITURES	$ 3,762,387	$ 2,601,778	150.5 %	139.1 %
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,262,047)	$ (731,326)	(50.5) %	(39.1) %
OTHER FINANCING SOURCES (USES)				
Developer Advances	$ 1,626,498	$ 1,041,515		
NET CHANGE IN FUND BALANCE	$ 364,451	$ 310,189		
BEGINNING FUND BALANCE (DEFICIT)	39,416	(270,773)		
ENDING FUND BALANCE	$ 403,867	$ 39,416		

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – TWO YEARS

	Amounts		Percentage of Total Revenues	
	2025	2024	2025	2024
REVENUES				
Penalty and Interest	$ 5,027	N/A	51.4 %	N/A %
Investment and Miscellaneous Revenues	4,745		48.6	
TOTAL REVENUES	$ 9,772	N/A	100.0 %	N/A %
EXPENDITURES				
Tax Collection Expenditures	$ 7,769	N/A	79.5 %	N/A %
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,003	N/A	20.5 %	N/A %
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Long-Term Debt	$ 551,363	N/A		
NET CHANGE IN FUND BALANCE	$ 553,366	N/A		
BEGINNING FUND BALANCE				
ENDING FUND BALANCE	$ 553,366	N/A		
TOTAL ACTIVE RETAIL WATER CONNECTIONS	366	223		
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	363	221		

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025

District Mailing Address - Kendall County Water Control and Improvement District No. 3A
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Blvd, Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2025	Expense Reimbursements for the year ended July 31, 2025	Title
R. Hunt Winton III	05/2024 - 05/2028 (Elected)	$ 1,326	$ -0-	President
David Sawtelle	05/2022 - 05/2026 (Elected)	$ 663	$ -0-	Vice President
Wendell Hall	05/2024 - 05/2028 (Elected)	$ 1,768	$ -0-	Secretary
David Christian	05/2022 - 05/2026 (Elected)	$ 1,768	$ -0-	Assistant Secretary
Barton Simpson	05/2024 - 05/2028 (Elected)	$ 1,547	$ -0-	Assistant Secretary

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

The most recent submission date of the District Registration Form was on February 6, 2025.

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

See accompanying independent auditor's report.

KENDALL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2025

Consultants:	Date Hired	Fees for the year ended July 31, 2025	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	05/07/20	$ 159,533	General Counsel
		$ 206,125	Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	08/17/21	$ 10,000	Auditor
		$ 20,000	Bond Related
L & S District Services, LLC	05/07/20	$ 9,702	Bookkeeper
		$ 900	Bond Related
Robert W. Baird	05/07/20	$ 156,667	Financial Advisor
Cude Engineers	08/2024	$ 186,797	Engineer
Utility Tax Service, LLC	05/07/20	$ 4,375	Tax Assessor/ Collector
		$ 1,500	Bond Related
Municipal Operations & Consulting, Inc.	10/12/22	$ 341,500	Operator
Ross Molina Oliveros, PC	01/09/24	$ 120,462	Easement Acquisition

See accompanying independent auditor's report.