KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
(Kaufman County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: NOVEMBER 13, 2026

$6,100,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

BIDS TO BE SUBMITTED BY: 9:00 A.M., CENTRAL TIME
THURSDAY, NOVEMBER 19, 2026

BIDS TO BE OPENED BY: 11:00 A.M., CENTRAL TIME
THURSDAY, NOVEMBER 19, 2026

CEDAR CREEK
MUNICIPAL ADVISORS

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 offer, solicitation or 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 NOVEMBER 13, 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 Purchaser (herein defined).

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

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

NEW ISSUE – Book Entry Only **NOT RATED**

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
(A political subdivision of the State of Texas, located within Kaufman County)

$6,100,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

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

Interest Accrues From: Date of Delivery

The $6,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are obligations of Kaufman County Water Control and Improvement District No. 1 (the "District") and are not obligations of the State of Texas; Kaufman County, Texas (the "County"); the City of Terrell, Texas (the "City"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated December 1, 2026 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about December 18, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). Voters of the District authorized the issuance of the following unlimited tax bonds: $701,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and $254,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System or refunding bonds issued for such purpose. Following the issuance of the Bonds, $701,000,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $247,900,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

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

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 18, 2026.

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

$6,100,000 Unlimited Tax Road Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number _____ (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number _____ (b)
2028	$90,000	____%	____%	____	2043 (c)	$200,000	____%	____%	____
2029	95,000	____%	____%	____	2044 (c)	210,000	____%	____%	____
2030	100,000	____%	____%	____	2045 (c)	225,000	____%	____%	____
2031	105,000	____%	____%	____	2046 (c)	235,000	____%	____%	____
2032	110,000	____%	____%	____	2047 (c)	250,000	____%	____%	____
2033 (c)	115,000	____%	____%	____	2048 (c)	265,000	____%	____%	____
2034 (c)	120,000	____%	____%	____	2049 (c)	280,000	____%	____%	____
2035 (c)	130,000	____%	____%	____	2050 (c)	295,000	____%	____%	____
2036 (c)	135,000	____%	____%	____	2051 (c)	310,000	____%	____%	____
2037 (c)	145,000	____%	____%	____	2052 (c)	330,000	____%	____%	____
2038 (c)	150,000	____%	____%	____	2053 (c)	345,000	____%	____%	____
2039 (c)	160,000	____%	____%	____	2054 (c)	365,000	____%	____%	____
2040 (c)	170,000	____%	____%	____	2055 (c)	385,000	____%	____%	____
2041 (c)	180,000	____%	____%	____	2056 (c)	410,000	____%	____%	____
2042 (c)	190,000	____%	____%	____					

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

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

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

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), as amended, and 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 except for the omission of no more than information permitted by SEC Rule 15c2-12.

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 SEC Rule 15c2-12.

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

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

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

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

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

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

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT .. 1
SALE AND DISTRIBUTION OF THE BONDS 4
Award of the Bonds 4
Prices and Marketability 4
Securities Laws 4
MUNICIPAL BOND INSURANCE 4
RATINGS 4
OFFICIAL STATEMENT SUMMARY 5
SELECTED FINANCIAL INFORMATION 9
INTRODUCTION 10
RISK FACTORS 10
General 10
Factors Affecting Taxable Values and Tax Payments 10
Vacant Developed Lots 11
Increase in Costs of Building Materials 11
Operating Funds 12
Tax Collection Limitations 12
Registered Owners' Remedies 12

Bankruptcy Limitation to Registered Owners' Rights 13
Marketability 13
Future Debt 13
Continuing Compliance with Certain Covenants 14
Future and Proposed Legislation 14
Marketability of the Bonds 14
Approval of the Bonds 14
Environmental Regulations 14
Potential Impact of Natural Disaster 16
Cybersecurity 16
The 90th Texas Legislature 17
Bond Insurance Risk Factors 17
THE BONDS 18
General 18
Book-Entry-Only System 18
Successor Paying Agent/Registrar 20
Registration, Transfer and Exchange 20
Record Date for Interest Payment 20
Redemption of the Bonds 21
Mutilated, Lost, Stolen or Destroyed Bonds 21
Authority for Issuance 21
Source of Payment 21
Issuance of Additional Debt 22
No Arbitrage 22
Dissolution 23
Consolidation 23
Funds 23
Defeasance 23
Legal Investment and Eligibility to Secure Public Funds in Texas 24
Registered Owners' Remedies 24
Use and Distribution of Bond Proceeds 25
THE DISTRICT 25
General 25
Authority 25
Management of the District 26
Investment Policy 26
Consultants 26
DEVELOPMENT OF THE DISTRICT 27
Status of Development within the District 27
Homebuilders within the District 27
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT 28
THE DEVELOPER 30
Role of the Developer 30
The Developer 30
Development Financing 30
Lot-Sales Contracts 31
THE SYSTEM 31
Regulation 31
100 Year Flood Plain 32
Atlas 14 32
TAX INCREMENT REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS 32
General Statutory Requirements for Tax Increment Reinvestment Zones in Texas 32
Calculation of Tax Increment for the TIRZ 33
Estimated TIRZ Base Value 34
TIRZ Term 34
Participating Taxing Units 34
No Pledge of TIRZ Increments 34
Estimated TIRZ Increments – Tax Year 2026 35
Historical TIRZ Increment Collections 35
DISTRICT DEBT 36
Debt Service Requirement Schedule 37
Direct and Estimated Overlapping Debt Statement 38
Debt Ratios 38
TAXING PROCEDURES 38
Authority to Levy Taxes 38
Property Tax Code and County-Wide Appraisal District 39
Property Subject to Taxation by the District 39
Valuation of Property for Taxation 40
Tax Abatement 40
Reappraisal of Property after Disaster 41
Tax Payment Installments After Disaster 41
Agricultural, Open Space, Timberland and Inventory Deferment 41
Notice and Hearing Procedures 41
District and Taxpayer Remedies 42
Levy and Collection of Taxes 42
Rollback of Operation and Maintenance Tax Rate 42
District's Rights in the Event of Tax Delinquencies 43
TAX DATA 44
General 44
Tax Rate Limitation 44
Maintenance Taxes 44
Additional Penalties 44
Historical Tax Collections 44
Tax Rate Distribution 44
Taxable Assessed Valuation Summary 45
Principal Taxpayers 45
Tax Rate Calculations 45
Estimated Overlapping Taxes 45
LEGAL MATTERS 46
Legal Opinions 46
No-Litigation Certificate 46
No Material Adverse Change 47
TAX MATTERS 47
Tax Exemption 47
Qualified Tax-Exempt Obligations 48
Additional Federal Income Tax Considerations 48
CONTINUING DISCLOSURE OF INFORMATION 49
Annual Reports 50
Event Notices 50
Availability of Information from EMMA 51

Limitations and Amendments 51
Compliance with Prior Undertakings 51
OFFICIAL STATEMENT 51
General 51
Experts 52
Certification as to Official Statement 52
Updating of Official Statement 52
CONCLUDING STATEMENT 52
APPENDIX A Financial Statements of the District

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by _____ (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of _____% of the par value, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

The District has made applications for municipal bond guaranty insurance on the 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 any rating agency, will be at the option and expense of the Initial Purchaser. The Initial Purchaser understands, by submission of its bid, that the Initial Purchaser is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to the selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings.

RATINGS

The District has not made an application for an underlying rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Kaufman County Water Control and Improvement District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Kaufman County, Texas (the "County") and within the city limits of the City of Terrell, Texas (the "City"). See "THE DISTRICT."
The Bonds	The District's $6,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are dated December 1, 2026, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest accrues from the initial date of delivery (on or about December 18, 2026) (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on and after September 1, 2033, are subject to redemption at the option of the District, in whole or from time to time in part, on December 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; the County; the City; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The Bonds constitute the first series of unlimited tax bonds issued by the District.
TIRZ Agreement	On August 23, 2022, the City, pursuant to City Ordinance No. 2920, created Reinvestment Zone Number Four, City of Terrell, Texas (the "TIRZ") for the purpose of promoting residential growth in the City. The TIRZ currently encompasses approximately 2,057.95 acres within the corporate limits of the City, and the TIRZ includes all land within the District. Effective December 20, 2022, the District entered into a development agreement (the "Development Agreement") with the City and the original developer. The Development Agreement addresses the development of the District, the financing of public infrastructure related thereto, including the Utility System and the Road System (each defined herein), and the availability and use of tax increments produced within the TIRZ. On December 20, 2022, the District entered into a TIRZ agreement (the "TIRZ Agreement") with the City which sets forth the City's obligations of the TIRZ. The captured appraised value of real property taxable by the City and the County (the "Participants") for a given year is the total appraised value of all real property located in the TIRZ for that year less the base value (the "Captured Appraised Value"). Pursuant to the TIRZ Agreement, the TIRZ ILA (as defined below) and the TIRZ Plan, the Participants have agreed to dedicate and make available to

the District the TIRZ Increments attributable to ad valorem taxation of property within the District for use to pay for certain public improvements, including the payment of debt service obligations on bonds, including the Bonds, or other obligations issued or incurred by the District to finance the payment of such improvements. The TIRZ Agreement provides for: (i) the City to rebate 80% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the City for a given year on the Captured Appraised Value of the residential properties (the "City Residential TIRZ Increment"), of which 60% of the City Residential TIRZ Increment is available to the District; (ii) the City to rebate 80% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the City for a given year on the Captured Appraised Value of the commercial properties (the "City Commercial TIRZ Increment"), of which 80% of the City Commercial TIRZ Increment is available to the District; (iii) the County to rebate 90% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the County for a given year on the Captured Appraised Value of the residential properties (the "County Residential TIRZ Increment"), of which 60% of the County Residential TIRZ Increment is available to the District; and (iv) the County to rebate 90% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the County for a given year on the Captured Appraised Value of the commercial properties (the "County Commercial TIRZ Increment"), of which 60% of the County Commercial TIRZ Increment is available to the District. Pursuant to an interlocal agreement to participate in Reinvestment Zone Number Four, City of Terrell, Texas dated September 6, 2022 between the City and the County (the "TIRZ ILA"), the County's maximum contribution in the TIRZ is $114,346,990. The City Residential TIRZ Increment, City Commercial TIRZ Increment, County Residential TIRZ Increment and County Commercial TIRZ Increment, together, are the "TIRZ Increments". TIRZ Increments are calculated by multiplying the Captured Appraised Value by their respective tax rate per $100 of assessed valuation for the tax year, then multiplying that product by the Participants' collection percentage, and then multiplying that product by its rate of participation. While the District intends to use the TIRZ Increments to pay debt service on the Bonds, the TIRZ Increments are **not** pledged to the payment of debt service on the Bonds. See "TAX INCREMENT REINVESTMENT ZONE NO. 4, CITY OF TERRELL"

Authority for Issuance..... The Bonds are issued pursuant to (i) a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including, particularly, Chapters 49 and 51 of the Texas Water Code, as amended; and (iii) an election held within the District on May 4, 2024. See "THE BONDS – Authority for Issuance."

Use of Bond Proceeds..... Proceeds from sale of the Bonds will be used to reimburse the Developer (herein defined), or its assignee for expenditures related to certain road improvements in the District as set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." Proceeds of the Bonds will also be used to pay developer interest, eighteen (18) months of capitalized interest and to pay costs of issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds" for further information.

Qualified Tax-Exempt Obligations	The Bonds will be designated "qualified tax-exempt obligations" for financial institutions.
Municipal Bond Insurance	Applications have been made for a commitment for municipal bond guaranty insurance on the 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 any rating companies, will be at the option and expense of the winning bidder for the Bonds. See "MUNICIPAL BOND INSURANCE."
Ratings	The District has not made an application for an underlying rating on the Bonds.
Bond Counsel	Allen Boone Humphries Robinson LLP, Dallas, Texas. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Irving, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description	The District was created by House Bill 1894 of the 79th Legislature of the State of Texas, June 18, 2005, Regular Session, codified as Chapter 9002 of the Texas Special District Local Laws Code. 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 and improvement districts, particularly Chapters 49 and 51 of the Texas Water Code, as amended, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality (the "TCEQ"). The District consists of approximately 700.410 total acres. See "THE DISTRICT."
Location	The District is located approximately 28 miles southeast of the City of Dallas, Texas and within Kaufman County, Texas. The District is located entirely within the city limits of the City.
The Developer	Spur Northspur Development LP, a Texas limited partnership (the "Developer") is the current primary developer of land in the District. The Developer is an affiliate of Starwood Land Advisors, LLC, a Florida limited liability company ("Starwood"). Spur Northspur Land LP, a Texas limited liability company ("Northspur Land") holds approximately 272.70 acres within the District for the purpose of owning and holding such land for investment and bulk sale for long term capital gains tax treatment as well as the remaining industrial and commercial land with the District. Northspur Land is an affiliate of Starwood and under common control and ownership with the same general partner. Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to the Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District. The Developer is a well-capitalized entity whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has entered into a management agreement with Axim Partners LP, a Texas limited partnership ("Axim"), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines

	Interest LP, the previous land owner, as development managers for the District. To date, the Developer has developed approximately 255.368 acres (576 lots) within the District and continues to own approximately 159.942 acres within the District. See "THE DEVELOPER." The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.
Development within the District	To date, approximately 255.368 acres within the District have been developed as 576 total single-family lots in the following phases: Phases 1A, 1B-1, 1C and 1D. In addition, approximately 50.332 acres (146 lots) as Phase 1B-2 are currently being developed. As of October 1, 2026, the District included approximately 84 completed homes (approximately 44 occupied, 34 unoccupied, and 6 model homes); approximately 11 homes under construction; and approximately 481 vacant developed lots. The remaining land in the District includes approximately 272.70 acres planned for development as additional single-family residential sections and additional commercial/industrial; approximately 12.40 acres for an amenity center; and approximately 109.610 acres of undevelopable land in the District. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."
Homebuilders within the District	The active homebuilders in the District are Impression Homes, Growth Homes and DR Horton Homes. Prices of homes being constructed in the District range in price from approximately $303,427 to $365,623 and range in size from approximately 1,475 square-feet to 2,699 square-feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Taxable Assessed Valuation	$	42,462,268	(a)
Estimate of Value as of October 1, 2026	$	58,082,322	(b)
Direct Debt:			
The Bonds	$	6,100,000	
Total	$	6,100,000	
Estimated Overlapping Debt	$	5,035,005	(c)
Total Direct and Estimated Overlapping Debt	$	11,135,005	(c)
Direct Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		14.37 %	
As a percentage of the Estimate of Value as of October 1, 2026		10.50 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		26.22 %	
As a percentage of the Estimate of Value as of October 1, 2026		19.17 %	
Road System Debt Service Fund Balance (as of the Date of Delivery)	$	514,688	(d)
General Operating Fund Balance (as of November 13, 2026)	$	738,319	(e)
2026 Tax Rate			
Utility System Debt Service		$ 0.0000	
Road System Debt Service		$ 0.0000	
Maintenance and Operations		$ 0.5950	
Total		$ 0.5950	(f)
Estimated Average Annual Debt Service Requirement (2027-2056)	$	424,962	(g)
Estimated Maximum Annual Debt Service Requirement (2052)	$	433,219	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Bonds (2027-2056):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$	1.06	(h)
Based on the Estimate of Value as of October 1, 2026, at 95% Tax Collections	$	0.78	(h)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds (2052):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$	1.08	(h)
Based on the Estimate of Value as of October 1, 2026, at 95% Tax Collections	$	0.79	(h)

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

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of October 1, 2026 and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District from January 1, 2026 through October 1, 2026. No taxes will be levied on this estimated value. See "RISK FACTORS – Future Debt."

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

(d) Represents eighteen (18) months of capitalized interest to be deposited into the Road Debt Service fund upon closing. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined).

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

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

(g) Debt service on the Bonds is estimated at an average interest rate of 5.625%. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule."

(h) Represents the amount of the debt service tax rate that is necessary to meet the applicable requirement of debt service based on the corresponding valuation of the District and a tax collection rate of 95%. Such amounts do not reflect the District's anticipated use of funds from the TIRZ Revenues (hereinafter defined) for payment of a portion of the debt service on the Bonds. Based on the Participants (herein defined) historical tax rates and respective participation percentages, the District expects to receive approximately $19,785 from the TIRZ Increment net of City fees through tax year 2026 that is expected to be used to pay debt service on the Bonds. See "TAX INCREMENT REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS - Estimated TIRZ Increments – 2026." While the District intends to use the TIRZ Revenues to pay a portion of the debt service on the Bonds, the TIRZ Revenues are not pledged to the payment of debt service on the Bonds. See "RISK FACTORS – Dependence on Collection of TIRZ Increments," and "TAX INCREMENET REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS."

OFFICIAL STATEMENT

relating to

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

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

$6,100,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement of Kaufman County Water Control and Improvement District No. 1 (the "District") is provided to furnish information with respect to the issuance by the District of its $6,100,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including, particularly, Chapters 49 and 51 of the Texas Water Code, as amended; and (iii) an election held within the District on May 4, 2024.

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

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

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

***Economic Factors*:** The rate of development within the District is directly related to the vitality of the residential, commercial, retail and multi-family housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT OF THE DISTRICT" herein.

***Developer Under No Obligation to the District*:** There is no commitment by, or legal requirement of the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its

land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

***Dependence on Principal Taxpayers*:** There is a high concentration of ownership of taxable value in the District. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2026 tax year, the District's top ten principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 82.67% of the District's total taxable assessed valuation as of original certification of the 2026 appraisal rolls. The Developer (herein defined) and its related entities owned approximately 20.21% of the assessed value of property located in the District as of January 1, 2026. In the event that the Developer, any other principal taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

***Maximum Impact on District Tax Rates*:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Taxable Assessed Valuation of all taxable property located within the District is $42,462,268 and the Estimate of Value as of October 1, 2026, is $58,082,322. See "TAX DATA." After issuance of the Bonds, the estimated maximum annual debt service requirement on the Bonds (2052) is $433,219, and the estimated average annual debt service requirement on the Bonds (2027-2056) is $424,962. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, combined debt service tax rates of $1.08 and $1.06 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of October 1, 2026, combined debt service tax rates of $0.79 and $0.78 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2026 tax year, the District levied a total tax of $0.595 per $100 of assessed valuation composed entirely of a maintenance and operations tax rate.

Vacant Developed Lots

As of October 1, 2026, approximately 481 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Increase in Costs of Building Materials

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

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

Operating Funds

The District's only sources of operating revenue are maintenance tax revenues and wastewater revenues collected from its residents. The District levied a 2026 maintenance tax of $0.595 per $100 of assessed valuation. The District's general fund balance as of November 13, 2026, was $738,319. The revenue produced from a $0.595 maintenance tax in 2026 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developer and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. The District intends to levy its first debt service tax rate in 2026.

Tax Collection Limitations

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

At an election held within the District on May 4, 2024, voters of the District authorized the District's issuance of $701,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and $254,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, $701,000,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $247,900,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developer approximately $32,985,041 for the current expenditures related to the construction of the Utility System and $13,517,831 for the current expenditures related to the construction of the Road System on behalf of the District.

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

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

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

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

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

Marketability of the Bonds

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

Approval of the Bonds

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

Environmental Regulations

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

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

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

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

Further, a nine-county Dallas-Fort Worth area ("2015 DFW Area") – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties has been designated a "serious" nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), effective July 22, 2024. The requirements for an area designated as "serious" vary and establish several attainment deadlines ranging from January 1, 2026 to January 1, 2050, with such deadlines applicable to the specific requirements of the EPA's final action.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the area's economic growth and development. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2026, addressing the "serious" nonattainment classification.

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:

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a water control and improvement 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), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

Potential Impact of Natural Disaster

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

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

Cybersecurity

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

be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

The 90th Texas Legislature

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

Bond Insurance Risk Factors

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

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

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

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

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

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

THE BONDS

General

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

The Bonds are dated December 1, 2026. The Bonds will mature on September 1 of the years and in the principal amounts, and will bear interest from the initial date of delivery (on or about December 18, 2026), at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable March 1, 2027, and semiannually thereafter on each September 1 and March 1 until maturity or redemption.

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

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

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

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange

Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

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

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

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

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

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

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

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

Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

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

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the

Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

Redemption of the Bonds

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are issued pursuant to (i) the Bond Resolution; (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including, particularly, Chapters 49 and 51 of the Texas Water Code, as amended; and (iii) an election held within the District on May 4, 2024.

Source of Payment

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

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

Issuance of Additional Debt

At an election held within the District on May 4, 2024, voters of the District authorized the District's issuance of $701,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and $254,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, $701,000,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and $247,900,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developer approximately $32,985,041 for the current expenditures related to the construction of the Utility System and $13,517,831 for the current expenditures related to the construction of the Road System on behalf of the District.

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

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

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

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

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
5/4/2024	Utility System & Refunding	$701,000,000		$701,000,000
5/4/2024	Road System & Refunding	$254,000,000	$6,100,000 (a)	$247,900,000

(a) The Bonds.

No Arbitrage

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

Dissolution

The City Council of the City, by a vote of not less than two-thirds of its membership, may adopt an ordinance dissolving the District. On the adoption of such ordinance, the District would be dissolved, and the City would succeed to the property and assets of the District and assume all bonds, debts, obligations, and liabilities of the District, including the Bonds. Dissolution of the District is within the policymaking discretion of the City, and no assurances can be made with respect to the City's ability to meet its obligations, including payment of the Bonds upon dissolution.

Consolidation

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

Funds

The Bond Resolution creates the Road System Debt Service Fund, the District's fund for debt service on the Bonds. Eighteen (18) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund, which constitutes a fund for the benefit of the owners of the Bonds. Such fund will be kept separate from all other funds of the District and is to be used solely for payment of debt service on the Bonds. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, Citys, 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, Citys, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

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

Registered Owners' Remedies

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

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

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

[Remainder of this page intentionally left blank]

Use and Distribution of Bond Proceeds

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

CONSTRUCTION COSTS	Amount
1 East Major Infrastructure Paving	$4,367,216
Total Construction Costs	$4,367,216
NON-CONSTRUCTION COSTS	
1 Legal Fees	$162,000
2 Financial Advisor Fees	122,000
3 Interest Costs	
A. Capitalized Interest (18 Months)	514,688
B. Developer Interest	669,502
4 Underwriters Discount	183,000
5 Bond Issuance Expense	54,394
6 Bond Engineering Report	21,100
7 Attorney General Fee	6,100
Total Non-Construction Costs	$1,732,784
TOTAL BOND ISSUE REQUIREMENT	$6,100,000

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

THE DISTRICT

General

The District was created by House Bill 1894 of the 79th Legislature of the State of Texas, June 18, 2005, Regular Session, codified as Chapter 9002 of the Texas Special District Local Laws Code. The District was created as a Water Control & Improvement District under Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates under Chapters 49 and 51 of the Texas Water Code.

Authority

The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to water control and improvement districts, particularly Chapters 49 and 51 of the Texas Water Code, as amended, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District is subject to the continuing supervision of the TCEQ.

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

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

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. Until such time that a contested election takes place, the District and Developer must coordinate with the City for replacement of a director due to a vacancy. The City has the right to accept or reject any such proposed directors. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Jocelyn Ansley	President	2030
Collins Meier	Vice President	2028
Doak Dozier	Secretary	2030
Meloni Raney	Assistant Secretary	2028
Bennett Sikes	Assistant Secretary	2030

Investment Policy

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

Consultants

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

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

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

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended September 30, 2025. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended September 30, 2026.

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

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

Operator: The District's facilities are operated by Inframark.

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

Financial Advisor: Cedar Creek Municipal Advisors, LLC serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold, and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not

undertaken to make independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT OF THE DISTRICT

Status of Development within the District

To date, approximately 255.368 acres within the District have been developed as 576 total single-family lots in the following phases: Phases 1A, 1B-1, 1C and 1D. In addition, approximately 50.332 acres (146 lots) as Phase 1B-2 are currently being developed. As of October 1, 2026, the District included approximately 84 completed homes (approximately 44 occupied, 34 unoccupied, and 6 model homes); approximately 11 homes under construction; and approximately 481 vacant developed lots. The remaining land in the District includes approximately 272.70 acres planned for development as additional single-family residential sections and additional commercial/industrial; approximately 12.40 acres for an amenity center; and approximately 109.610 acres of undevelopable land in the District.

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

Section	Section Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots [b]
Phase 1A [a]	193.846	226	84	11	131
Phase 1B-1	10.787	35	–	–	35
Phase 1C	23.977	141	–	–	141
Phase 1D	26.758	174	–	–	174
Totals	255.368	576	84	11	481

Residential Under Development [c]	50.332
Amenity Center [d]	12.400
Undevelopable	109.610
Remaining Developable	272.700
District Total	700.410

(a) Includes amenity center.
(b) See "RISK FACTORS – Vacant Developed Lots."
(c) Consists of Phase 1B-2 (approximately 146 lots on 50.332 acres).
(d) Includes future amenity center and detention pond and landscaped areas.

Homebuilders within the District

The active homebuilders in the District are Impression Homes, Growth Homes and DR Horton Homes. Prices of homes being constructed in the District range in price from approximately $303,427 to $365,623 and range in size from approximately 1,475 square-feet to 2,699 square-feet.

[Remainder of this page intentionally left blank]

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2026)










PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2026)

















THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a 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 most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

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

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

The Developer

Spur Northspur Development LP, a Texas limited partnership (the "Developer") is the current primary developer of land in the District. The Developer is an affiliate of Starwood Land Advisors, LLC, a Florida limited liability company ("Starwood"). Spur Northspur Land LP, a Texas limited liability company ("Northspur Land") holds approximately 272.70 acres within the District for the purpose of owning and holding such land for investment and bulk sale for long term capital gains tax treatment as well as the remaining industrial and commercial land with the District. Northspur Land is an affiliate of Starwood and under common control and ownership with the same general partner. Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to the Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District. The Developer is a well-capitalized entity whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has entered into a management agreement with Axim Partners LP, a Texas limited partnership ("Axim"), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines Interest LP, the previous land owner, as development managers for the District. To date, the Developer has developed approximately 255.368 acres (576 lots) within the District and continues to own approximately 159.942 acres within the District.

Development Financing

The Developer obtained financing for a portion of the development of Northspur through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $29,004,791.80 Public Finance Authority Texas Infrastructure Program Tax-Exempt Revenue Anticipation Capital Appreciation Bonds (Northspur Project), Series 2025 (the "TIP Bonds"), which are secured in part by the sale and assignment of the Developer's right to

receive proceeds from the future sale of unlimited tax bonds issued by the District, including the Bonds. According to the Developer, they are currently in compliance with all material representations and certifications made with respect to the TIP Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS – Approval of the Bonds."

Lot-Sales Contracts

The Developer has entered into lot-sales contracts with each of Impression Homes, Growth Homes and DR Horton Homes. The contracts for the sale of lots with the builders require that earnest money be deposited with a title company, typically 15% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. Generally, a developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

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

Homebuilder	Total Lots Contracted	Total Lots Purchased
Impression Homes	329	253
Growth Homes	40	20
DR Horton Homes	341	167
Totals	710	440

THE SYSTEM

Regulation

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

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

- Water Supply -

Water supply for the District is provided by the City via an off-site waterline connecting the District's distribution system to the City's facilities. The City provides retail service to the residents of the District.

- Wastewater Treatment -

Wastewater treatment service is provided by a wastewater treatment plant (the "WWTP") built within the District. The WWTP has a current capacity of 0.10 MGD and operates under TPDES Permit No. WQ0014719002. The WWTP has capacity to serve 333 ESFCs based on 300 gallons per day per connection. The WWTP is currently being leased from C-4 Partners, LLC for a term of 120 months. The WWTP will be expanded in the future to account for additional growth within the District and is currently operated by Inframark.

- Drainage -

Drainage facilities include some curb and gutter streets to direct runoff into underground storm sewers as well as flumes and open drainage channels. All areas of the District drain west into High Pointe Creek which eventually flow into the Trinity River. There is currently only one detention pond located within the District.

- Roads -

The District has three points of access from State Highway 80. Northspur Drive is the main entry into the District for residential areas. Reveille Way and Outlaw Lane are the main points of access to the commercial/industrial areas within the District. Reveille Way provides access to all commercial and industrial

areas of the eastern side of the District. The developer has constructed a network of major collector road, minor collectors, and local streets to provide access to the areas of the District. The road improvements are owned and maintained by the City.

100 Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the "100-year flood plain", is depicted on these maps. The 100-year flood plain as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to Federal Emergency Management Agency Flood Insurance Rate Map Nos. 48257C0050D effective July 3, 2012, 48257C0075D effective July 3, 2012, 48257C0175E, effective January 12, 2023, and 48257C0200D effective July 3, 2012, the proposed District approximately has 109.61 acres within the 100-year floodplain. Such acreage is not considered to be developable and no development within the District is expected to occur within the 100 year flood plain.

Atlas 14

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

TAX INCREMENT REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS

On August 23, 2022, the City, pursuant to City Ordinance No. 2920, created Reinvestment Zone Number Four, City of Terrell, Texas (the "TIRZ") for the purpose of promoting residential growth in the City. The TIRZ currently encompasses approximately 2,057.95 acres within the corporate limits of the City, and the TIRZ includes all land within the District.

Effective December 20, 2022, the District entered into a development agreement (the "Development Agreement") with the City and the original developer. The Development Agreement addresses the development of the District, the financing of public infrastructure related thereto, including the Utility System and the Road System, and the availability and use of tax increments produced within the TIRZ. The City and the County entered into an agreement on September 6, 2022 (the "TIRZ ILA") setting forth the County's obligations with respect to the TIRZ. On December 20, 2022, the District entered into a TIRZ agreement (the "TIRZ Agreement") with the City which sets forth the terms of the TIRZ.

General Statutory Requirements for Tax Increment Reinvestment Zones in Texas

A tax increment reinvestment zone under Texas Tax Code Chapter 311 (the "TIRZ Act") is created by a city, which also approves a project plan and financing plan for a zone. The ordinance creating a zone and the plans may provide that the city will deposit all or a portion of its tax increment into a tax increment fund established by the city for a zone. Other taxing units which tax property in a zone may agree with the city that they will also deposit all or a portion of their Tax Increment into the tax increment fund established for a zone. Pursuant to the TIRZ Agreement, the City holds and maintains the Tax Increment Fund.

The captured appraised value of real property taxable by the Participants for a given year is the total appraised value of all real property located in the TIRZ for that year less the base value (the "Captured Appraised Value"). The amount of a taxing unit's tax increment for a year is the amount of property taxes levied and collected by a taxing unit for that year on the Captured Appraised Value of real property taxable by a taxing unit and located in a zone. The Captured Appraised Value of real property taxable by a taxing unit for a year is the total appraised value of all real property taxable by the taxing unit and located in a zone for that year less the total appraised value of all real property taxable by a taxing unit and located in a zone in the year in which a zone was designated as such under the TIRZ Act (the "Base Value"). In the event a zone is enlarged by ordinance or resolution of a city, the Base Value for added property is the value of all real property taxable by a taxing unit

and located in the added area in the year of enlargement and in the event the boundaries of a zone are reduced, the Tax Increment Base is reduced by the taxable value of the real property removed from a zone for the year in which the property was originally included in a zone's boundaries.

The TIRZ Act provides that each taxing unit that participates in a zone is required to pay into the tax increment fund for a zone the collected Tax Increment that it has agreed to pay under its agreement with a city and in accordance with the project plan. The TIRZ Act provides that the payment by a participating taxing unit is to be made into the tax increment fund not later than the 90th day after the later of: (i) the delinquency date for such taxing unit's property taxes or (ii) the date a city submits to a taxing unit an invoice specifying the Tax Increment produced by such taxing unit and the amount the taxing unit is required to pay into the tax increment fund for a zone.

Section 311.0123 of the TIRZ Act permits a city to also designate a portion or amount of tax increment generated from municipal sales and use taxes attributable to a zone above the sales tax base similar to that done for taxable real property. No sales tax will be utilized as a source of payment for the Bonds.

Calculation of Tax Increment for the TIRZ

Pursuant to the TIRZ Agreement, the TIRZ ILA, and the TIRZ Plan, the City and County (collectively, the "Participants") have agreed to dedicate and make available to the District the TIRZ Increments attributable to ad valorem taxation of property within the District for use to pay for certain public improvements, including the payment of debt service obligations on bonds, including the Bonds, or other obligations issued or incurred by the District to finance the payment of such improvements. The TIRZ Agreement provides for: (i) the City to rebate 80% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the City for a given year on the Captured Appraised Value of the residential properties (the "City Residential TIRZ Increment"), of which 60% of the City Residential TIRZ Increment is available to the District; (ii) the City to rebate 80% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the City for a given year on the Captured Appraised Value of the commercial properties (the "City Commercial TIRZ Increment"), of which 80% of the City Commercial TIRZ Increment is available to the District; (iii) the County to rebate 90% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the County for a given year on the Captured Appraised Value of the residential properties (the "County Residential TIRZ Increment"), of which 60% of the County Residential TIRZ Increment is available to the District; and (iv) the County to rebate 90% of the maintenance and operations portion of the ad valorem property taxes levied and collected by the County for a given year on the Captured Appraised Value of the commercial properties (the "County commercial TIRZ Increment"), of which 60% of the County commercial TIRZ Increment is available to the District. The City Residential TIRZ Increment, City Commercial TIRZ Increment, County Residential TIRZ Increment and County Commercial TIRZ Increment, together, are the "TIRZ Increments". TIRZ Increments are calculated by multiplying the Captured Appraised Value by their respective tax rate per $100 of assessed valuation for the tax year, then multiplying that product by the Participants' collection percentage, and then multiplying that product by its rate of participation. The collection percentage is determined by comparing the taxes collected from all taxable real property in the TIRZ to the total taxes due for the tax year from all real property in the TIRZ.

The obligation of the Participants to pay the TIRZ Increments into the Tax Increment Fund is subject to the rights of any holders of bonds, notes or other obligations that have been or are hereafter issued by the City that are payable from or secured by a general levy of ad valorem taxes through the tax jurisdiction of the City, as applicable.

[Remainder of this page intentionally left blank]

Estimated TIRZ Base Value

The table below shows the estimated allocable base value applicable to the District (January 1, 2022 taxable value). The total TIRZ base value as of January 1, 2022 reflects the base value as stated in the amended and restated TIRZ Project and Finance Plan. The allocable District base value has been calculated by the Financial Advisor based on an allocable acreage split. Such value will be confirmed by the Appraisal District and City.

	Value
January 1, 2022 (Base Year – Total TIRZ) (a)	$ 35,819,870
Total TIRZ Acreage (a)	2,057.53
District Acreage	700.41
% of Base Value attributed to the District	34.04%
District Allocable Base Value (b)	$ 12,193,550

(a) As shown in the amended and restated TIRZ Project and Finance Plan.
(b) Assumes the residential and commercial components of the base value are split equally

TIRZ Term

The table below shows the term applicable to each Participant as stated in the amended and restated TIRZ Project and Finance Plan.

	City	County
Term	40 Years	40 Years
Final TIRZ Year	2062	2062
Final TIRZ Payment Received	2063	2063

Participating Taxing Units

As discussed above, the TIRZ Increments received from the Participants will be paid into the Tax Increment Fund and used to pay project costs within the TIRZ, including, without limitation, debt service on the Bonds and any other obligations issued to finance project costs in the TIRZ. The TIRZ revenues are not pledged to pay debt service on the Bonds but are lawfully available for such purposes. The Participants are not required under State law to set a tax rate sufficient to assure any certain dollar amount of TIRZ Increments; rather, State law only requires the Participants to contribute TIRZ Increments actually collected by it and only to the extent provided in the TIRZ Agreement.

No Pledge of TIRZ Increments

The TIRZ Increments received by the District are not pledged to the Bonds or any future bonds issued by the District. The bondholders have no right to receive any TIRZ increments in the event of a default by the District.

[Remainder of this page intentionally left blank]

Estimated TIRZ Increments – Tax Year 2026

The Financial Advisor has provided the following information related to the estimated Tax Increments for Tax Year 2026 for the TIRZ.

	City (Residential)	City (Commercial)	County (Residential)	County (Commercial)
January 1, 2022 (Base Year) (a)	$ 6,096,775	$ 6,096,775	$ 6,096,775	$ 6,096,775
January 1, 2026 Taxable Assessed Valuation	$ 42,462,268	$ –	$ 42,462,268	$ –
Participation Rate	80%	80%	90%	90%
% of Increment Available	60%	80%	60%	60%
Estimated Exemptions	10%	0%	3%	0%
Estimated 2026 Captured Value for TIRZ	$ 32,119,266	$ –	$ 35,091,625	$ –
2026 Tax Rate (M&O Only)	$ 0.571304	$ 0.571304	$ 0.277350	$ 0.277350
Estimated Collection Rates	98%	98%	98%	98%
Total Estimated Tax Increments	$ 86,318	$ –	$ 51,505	$ –

(a) See "Estimated TIRZ Base Value" above. Such base value was calculated by the Financial Advisor and is the estimated allocable base value of the District. Assumes the estimated allocable base value for the District is split equally between residential and commercial property uses.

Historical TIRZ Increment Collections

The table below summarizes the historical TIRZ Increments collected and deposited into the Tax Increment Fund by the City for each of the Participants, pursuant to the TIRZ Agreement (as discussed below). The amounts shown for 2026 are calculated estimates and are expected to be finalized by the City and its consultants in the coming months.

Tax Year	Collection Year	City	County	Total (b)	City Retained (c)	Estimated Net TIRZ Increment available to the District
2024	2025	$ 305	$ 56	$ 360	$ 360	$ -
2025	2026	$ 1,143	$ 459	$ 1,602	$ 1,602	$ -
2026	2027(a)	$ 86,318	$ 51,505	$ 137,823	$ 118,038	$ 19,785
Total		$ 87,776	$ 52,020	$ 139,785	$ 120,000	$ 19,785

(a) See "Estimated TIRZ Increments – Tax Year 2026" above.
(b) Represents the estimated TIRZ fund deposit for the District.
(c) The City is entitled to the reimbursement of $120,000 related to certain TIRZ related administrative costs on a priority basis, as a result the District has not received TIRZ increments from the City to date. Additionally, no more than the greater of 5% or $25,000 of administrative costs shall retained by the City annually going forward. TIRZ Increments are not pledged to the bondholders of the Bonds.

[Remainder of this page intentionally left blank]

DISTRICT DEBT
(UNAUDITED)

2026 Taxable Assessed Valuation	$	42,462,268	(a)
Estimate of Value as of October 1, 2026	$	58,082,322	(b)
Direct Debt:			
The Bonds	$	6,100,000	
Total	$	6,100,000	
Estimated Overlapping Debt	$	5,035,005	(c)
Total Direct and Estimated Overlapping Debt	$	11,135,005	(c)
Direct Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		14.37	%
As a percentage of the Estimate of Value as of October 1, 2026		10.50	%
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		26.22	%
As a percentage of the Estimate of Value as of October 1, 2026		19.17	%
Road System Debt Service Fund Balance (as of the Date of Delivery)	$	514,688	(d)
General Operating Fund Balance (as of November 13, 2026)	$	738,319	(e)
2026 Tax Rate			
Utility System Debt Service		$ 0.0000	
Road System Debt Service		$ 0.0000	
Maintenance and Operations		$ 0.5950	
Total		$ 0.5950	(f)
Estimated Average Annual Debt Service Requirement (2027-2056)	$	424,962	(g)
Estimated Maximum Annual Debt Service Requirement (2052)	$	433,219	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Bonds (2027-2056):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$	1.06	(h)
Based on the Estimate of Value as of October 1, 2026, at 95% Tax Collections	$	0.78	(h)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds (2052):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	$	1.08	(h)
Based on the Estimate of Value as of October 1, 2026, at 95% Tax Collections	$	0.79	(h)

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

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of October 1, 2026 and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District from January 1, 2026 through October 1, 2026. No taxes will be levied on this estimated value. See "RISK FACTORS – Future Debt."

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

(d) Represents eighteen (18) months of capitalized interest to be deposited into the Road Debt Service fund upon closing. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined).

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

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

(g) Debt service on the Bonds is estimated at an average interest rate of 5.625%. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule."

(h) Represents the amount of the debt service tax rate that is necessary to meet the applicable requirement of debt service based on the corresponding valuation of the District and a tax collection rate of 95%. Such amounts do not reflect the District's anticipated use of funds from the TIRZ Revenues (hereinafter defined) for payment of a portion of the debt service on the Bonds. Based on the Participants (herein defined) historical tax rates and respective participation percentages, the District expects to receive approximately $19,785 from the TIRZ Increment net of City fees through tax year 2026 that is expected to be used to pay debt service on the Bonds. See "TAX INCREMENT REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS - Estimated TIRZ Increments – 2026." While the District intends to use the TIRZ Revenues to pay a portion of the debt service on the Bonds, the TIRZ Revenues are not pledged to the payment of debt service on the Bonds. See "RISK FACTORS – Dependence on Collection of TIRZ Increments," and "TAX INCREMENET REINVESTMENT ZONE NO. 4, CITY OF TERRELL, TEXAS."

Debt Service Requirement Schedule

The following schedule sets forth the principal and estimated interest requirements on the Bonds, assuming the Bonds are issued at an interest rate of 5.625%. Totals may not sum due to rounding.

Calendar Year	The Bonds			Total Debt Service
	Principal	Interest	Debt Service	
2027	$ –	$ 241,141	$ 241,141	$ 241,141
2028	90,000	343,125	433,125	433,125
2029	95,000	338,063	433,063	433,063
2030	100,000	332,719	432,719	432,719
2031	105,000	327,094	432,094	432,094
2032	110,000	321,188	431,188	431,188
2033	115,000	315,000	430,000	430,000
2034	120,000	308,531	428,531	428,531
2035	130,000	301,781	431,781	431,781
2036	135,000	294,469	429,469	429,469
2037	145,000	286,875	431,875	431,875
2038	150,000	278,719	428,719	428,719
2039	160,000	270,281	430,281	430,281
2040	170,000	261,281	431,281	431,281
2041	180,000	251,719	431,719	431,719
2042	190,000	241,594	431,594	431,594
2043	200,000	230,906	430,906	430,906
2044	210,000	219,656	429,656	429,656
2045	225,000	207,844	432,844	432,844
2046	235,000	195,188	430,188	430,188
2047	250,000	181,969	431,969	431,969
2048	265,000	167,906	432,906	432,906
2049	280,000	153,000	433,000	433,000
2050	295,000	137,250	432,250	432,250
2051	310,000	120,656	430,656	430,656
2052	330,000	103,219	433,219	433,219
2053	345,000	84,656	429,656	429,656
2054	365,000	65,250	430,250	430,250
2055	385,000	44,719	429,719	429,719
2056	410,000	23,063	433,063	433,063
Total	$ 6,100,000	$ 6,648,859	$ 12,748,859	$ 12,748,859

Estimated Average Annual Debt Service Requirements on the Bonds (2027-2056) ..... $ 424,962

Estimated Maximum Annual Debt Service Requirements on the Bonds (2052) ..... $ 433,219

[Remainder of this page intentionally left blank]

Direct and Estimated Overlapping Debt Statement

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

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	October 31, 2026	Percent	Amount
City of Terrell	$107,935,000	1.44%	$1,550,844
Kaufman County	200,305,000	0.14%	289,045
Terrell Independent School District	292,584,401	1.09%	3,195,117
Total Estimated Overlapping Debt			5,035,005
The District (a)			6,100,000
Total Direct & Estimated Overlapping Debt			11,135,005

(a) The Bonds.

Debt Ratios

Ratios of Direct Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	14.37 %
As a percentage of the Estimate of Value as of October 1, 2026	10.50 %
Ratios of Direct and Estimated Overlapping Debt (a):	
As a percentage of the 2026 Taxable Assessed Valuation	26.22 %
As a percentage of the Estimate of Value as of October 1, 2026	19.17 %

(a) Includes the Bonds.

TAXING PROCEDURES

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

Authority to Levy Taxes

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

also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

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

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

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

Valuation of Property for Taxation

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

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

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

Tax Abatement

Kaufman County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Kaufman 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 District has not enter into any abatement agreement.

Reappraisal of Property after Disaster

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

Tax Payment Installments After Disaster

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

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

Notice and Hearing Procedures

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

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

Developed Districts

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

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an 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 Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.00 per $100 of assessed valuation, for operation and maintenance purposes. The District levied a 2026 tax rate of $0.595 per $100 of assessed valuation comprised fully of maintenance and operations.

Tax Rate Limitation

Utility System Debt Service:..... Unlimited (no legal limit as to rate or amount).
Road System Debt Service:..... Unlimited (no legal limit as to rate or amount).
Maintenance and Operation: ..... $1.00 per $100 assessed taxable valuation.
Maintenance and Operation (Road):..... $0.25 per $100 assessed taxable valuation.

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. Additionally, the Board is authorized by the District's voters to levy such maintenance tax for maintenance of roads in an amount not to exceed $0.25 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which have been issued or may be issued in the future. For the 2026 tax year, the District levied a maintenance and operations tax rate of $0.595 per $100 of assessed valuation. See "Tax Rate Distribution" below.

Additional Penalties

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

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 9/30/26
2023	$8,934,203	$0.250	$3,953	100.00%	2024	100.00%
2024	2,352,170	0.595	13,995	96.59%	2025	96.59%
2025	20,682,169	0.595	123,059	99.35%	2026	99.35%
2026	42,462,268	0.595	252,650	(a)	2027	(a)

(a) In the process of collection. Taxes for the 2026 tax year are due without penalty by January 31, 2027.

Tax Rate Distribution

	2026	2025	2024	2023
Utility System Debt Service	–	–	–	–
Road System Debt Service	–	–	–	–
Maintenance and Operations	$0.5950	$0.5950	$0.5950	$0.2500
Total	$0.5950	$0.5950	$0.5950	$0.2500

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2023–2026 tax rolls as certified by the Appraisal District.

Type of Property	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation
Land	$39,991,959	$23,238,939	$6,799,643	$8,946,202
Improvements	7,300,930	55,699	61,287	66,231
Personal Property	–	–	–	–
Exemptions	(4,830,621)	(2,612,469)	(4,508,760)	(7,431,427)
Total	$42,462,268	$20,682,169	$2,352,170	$1,581,006

Principal Taxpayers

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

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
Northspur Propco GT LLC (a)	Land & Improvements	$ 10,575,000	24.90%
Impression Homes LLC (b)	Land & Improvements	6,547,824	15.42%
Spur Northspur Development LP (c)	Land & Improvements	5,205,294	12.26%
DR Horton Texas Ltd (b)	Land & Improvements	4,981,313	11.73%
Spur Northspur Land LP (c)	Land & Improvements	3,376,995	7.95%
DI Airfiled Interchange Two LP	Land & Improvements	2,090,971	4.92%
Growth Texas Homes LLC (b)	Land & Improvements	1,271,332	2.99%
Homeowner	Land & Improvements	375,821	0.89%
Homeowner	Land & Improvements	343,502	0.81%
Homeowner	Land & Improvements	334,258	0.79%
Total		$ 35,102,310_	82.67%

(a) Northspur Propco GT LLC serves as land bank for DR Horton Texas Ltd.
(b) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."
(c) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds, if no growth in the District's tax base occurs beyond the 2026 Taxable Assessed Valuation ($42,462,268) or the Estimate of Value as of October 1, 2026 ($58,082,322). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Estimated Average Annual Debt Service Requirement (2027-2056) $424,962
Debt Service Tax Rate of $1.06 on the 2026 Taxable Assessed Valuation produces $427,595
Debt Service Tax Rate of $0.78 on the Estimate of Value as of October 1, 2026, produces $430,390

Estimated Maximum Annual Debt Service Requirement (2052) $433,219
Debt Service Tax Rate of $1.08 on the 2026 Taxable Assessed Valuation produces $435,663
Debt Service Tax Rate of $0.79 on the Estimate of Value as of October 1, 2026, produces $435,908

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Direct and Estimated Overlapping

Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

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

Taxing Jurisdiction	2026 Tax Rate
The District	$0.595000
City of Terrell	0.764200
Kaufman County	0.334478
Kaufman County Road & Ridge	0.080635
Trinity Valley Community College	0.113660
Terrell Independent School District	1.127800
Total Tax Rate	$3.015773

LEGAL MATTERS

Legal Opinions

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

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

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

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for SEC Rule 15c2-12 (the "Rule") (d)(2) exemption from SEC Rule (b)(5) regarding the District's continuing disclosure obligations because the District has not issued more than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other

arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material 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 financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB. In addition, the District has agreed to provide information with respect to the Developer, any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the Bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developer and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding.

The financial information and operating data which will be provided with respect to the District is found in "APPENDIX A" (Financial Statements of the District), the information to be provided with respect to the Developer is found in "TAX DATA – Principal Taxpayers.". The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending on or after 2026. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of

acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolutions makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended September 30, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and have been included herein as

"APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

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

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

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

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

/s/ _____
Jocelyn Ansley
President, Board of Directors
Kaufman County Water Control and Improvement District No. 1

ATTEST:

/s/ _____
Doak Dozier
Secretary, Board of Directors
Kaufman County Water Control and Improvement District No. 1

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	9
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	11
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	12
NOTES TO THE FINANCIAL STATEMENTS	13-22
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	24
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	26-28
GENERAL FUND EXPENDITURES	29
TAXES LEVIED AND RECEIVABLE	30-31
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND – ONE YEAR	32
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	33-34

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
Kaufman County Water Control and Improvement
District No. 1
Kaufman County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Kaufman County Water Control and Improvement District No. 1 (the "District") as of and for the year ended September 30, 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 major fund of the District as of September 30, 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
Kaufman County Water Control and Improvement
District No. 1

Supplementary Information

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



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

August 20, 2026

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Management's discussion and analysis of Kaufman County Water Control and Improvement District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $1,703,003 as of September 30, 2025. This is the District's first audit. In future years, the following tables will be presented in a comparative format.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position for the year ended September 30, 2025.

	Summary of the Statement of Net Position 2025
Current and Other Assets	$ 6,131
Right-of-Use Asset (Net of Accumulated Amortization)	6,248,241
Capital Assets (Net of Accumulated Depreciation)	29,463,699
Total Assets	$ 35,718,071
Due to Developer	$ 31,439,397
Capital Lease Payable	5,847,221
Other Liabilities	134,456
Total Liabilities	$ 37,421,074
Net Position:	
Net Investment in Capital Assets	$ (28,907)
Unrestricted	(1,674,096)
Total Net Position	$ (1,703,003)

The following table provides a summary of the District's operations for the year ended September 30, 2025.

	Summary of the Statement of Activities 2025
Revenues:	
Property Taxes	$ 13,995
Other Revenues	139
Total Revenues	$ 14,134
Expenses for Services	1,346,399
Change in Net Position	$ (1,332,265)
Net Position, Beginning	(370,738)
Net Position, Ending	$ (1,703,003)

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of September 30, 2025, was a deficit of $128,802, a decrease of $133,311 from the prior year. This decrease is primarily due to administrative costs and lease payments exceeding maintenance tax revenue and developer advances.

CAPITAL ASSETS

Capital assets as of September 30, 2025, total $29,463,699 (net accumulated depreciation) and included water, wastewater and drainage systems and roads.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025
Capital Assets Not Being Depreciated:	
Construction in Progress	6,210
Capital Assets, Net of Accumulated Depreciation:	
Water System	7,356,657
Wastewater System	2,330,618
Drainage System	8,365,512
Roads	11,404,702
Total Net Capital Assets	$ 29,463,699

Water, drainage and road facilities will be conveyed to the City of Terrell, Texas (the "City") and will be maintained by the City. The City agrees to provide services to the residents of the District. The District is entitled to significant residual interest in the facilities conveyed to the City and records the facilities as District assets and records depreciation on these facilities. The District will own and maintain the detention ponds and wastewater system.

RIGHT-OF-USE ASSETS

GASB Statement No. 87 was required to be implemented in relation to the wastewater treatment plant lease. Right-of-use assets consisting of the Wastewater Treatment Plant totaled $6,427,064 had current year amortization expense of $142,824 and accumulated amortization balance of $178,823 as of September 30, 2025.

LONG-TERM DEBT

As of September 30, 2025, the District had no bonded debt.

At the end of the current fiscal year, the District has recorded a capital lease payable of $5,847,221. The changes in the capital lease payable position of the District during the fiscal year ended September 30, 2025, are summarized as follows:

Capital Lease Payable, October 1, 2024	$ 6,288,104
Less: Capital Lease Principal Paid	440,883
Capital Lease Payable, September 30, 2025	$ 5,847,221

As of September 30, 2025, the District has recorded a Developer liability of $31,439,397, which includes $1,067,563 of advances received in the current fiscal year for operations and capital lease payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $339,319 less than budgeted, actual expenditures were $809,937 more than budgeted and developer advances were $1,016,093 more than budgeted. This resulted in a negative budget variance of $133,163. See the budget to actual comparison for further information.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kaufman County Water Control and Improvement District No. 1, c/o Allen Boone Humphries Robinson LLP, 4514 Cole Avenue, Suite 1450, Dallas, Texas 75205.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 4,654	$	$ 4,654
Receivables:			
Property Taxes	477		477
Receivables - Other	1,000		1,000
Construction in Progress		6,210	6,210
Right-of-Use Asset (Net of Accumulated Amortization)		6,248,241	6,248,241
Capital Assets (Net of Accumulated Depreciation)		29,457,489	29,457,489
TOTAL ASSETS	$ 6,131	$ 35,711,940	$ 35,718,071
LIABILITIES			
Accounts Payable	$ 134,456	$	$ 134,456
Due to Developer		31,439,397	31,439,397
Long-Term Liabilities:			
Lease Payable, Due Within One Year		479,317	479,317
Lease Payable, Due After One Year		5,367,904	5,367,904
TOTAL LIABILITIES	$ 134,456	$ 37,286,618	$ 37,421,074
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 477	$ (477)	$ -0-
FUND BALANCE			
Unassigned	$ (128,802)	$ 128,802	$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 6,131		
NET POSITION			
Net Investment in Capital Assets		$ (28,907)	$ (28,907)
Unrestricted		(1,674,096)	(1,674,096)
TOTAL NET POSITION		$ (1,703,003)	$ (1,703,003)

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

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balance - Governmental Fund		$ (128,802)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and right-of-use assets in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		35,711,940
Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		477
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developer	$ (31,439,397)	
Capital Lease Payable	(5,847,221)	(37,286,618)
Total Net Position - Governmental Activities		$ (1,703,003)

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

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 13,518	$ 477	$ 13,995
Investment and Miscellaneous Revenues	139		139
TOTAL REVENUES	$ 13,657	$ 477	$ 14,134
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 60,057	$	$ 60,057
Contracted Services	32,818		32,818
Repairs and Maintenance	8,959		8,959
Amortization		142,824	142,824
Depreciation		438,863	438,863
Other	152,161		152,161
Capital Outlay	8,936	(8,936)	
Debt Service:			
Lease Principal	440,883	(440,883)	
Lease Interest	510,717		510,717
TOTAL EXPENDITURES/EXPENSES	$ 1,214,531	$ 131,868	$ 1,346,399
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,200,874)	$ (131,391)	$ (1,332,265)
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ 1,067,563	$ (1,067,563)	$ -0-
NET CHANGE IN FUND BALANCE	$ (133,311)	$ 133,311	$
CHANGE IN NET POSITION		(1,332,265)	(1,332,265)
FUND BALANCE/NET POSITION - OCTOBER 1, 2024	4,509	(375,247)	(370,738)
FUND BALANCE (DEFICIT) NET POSITION - SEPTEMBER 30, 2025	$ (128,802)	$ (1,574,201)	$ (1,703,003)

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

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balance - Governmental Fund	$	(133,311)
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.		477
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets and right-of-use assets are depreciated and amortized and the depreciation and amortization expense is recorded in the Statement of Activities.		(581,687)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		8,936
Governmental funds report lease payments as expenditures; however, in the Statement of Net Position, lease principal payments are reported as decreases in long-term liabilities.		440,883
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.		(1,067,563)
Change in Net Position - Governmental Activities	$	(1,332,265)

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

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

Kaufman County Water Control and Improvement District No. 1, of Kaufman County, Texas, was created in 2005, by S.B. No. 1894, 79th Legislature of Texas, Regular Session, as a conservation and reclamation district created under and essential to accomplishing the purposes of Section 59, Article XVI and Section 52, Article III of the Texas Constitution. The District is under the oversight of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, and roads. The Board of Directors held its organizational meeting on November 9, 2005.

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 Texas Commission on Environmental Quality.

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").

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

When both restricted and unrestricted resources are available for use, generally it'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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account maintenance tax revenues, developer advances, operating costs and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable 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.

Capital Assets and Right-of-Use Assets

Capital assets include utility and road infrastructure which are reported in the government-wide Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $10,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 10 to 45 years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Water, drainage and road facilities will be conveyed to the City of Terrell, Texas (the "City") and will be maintained by the City. The City agrees to provide services to the residents of the District. The District is entitled to significant residual interest in the facilities conveyed to the City and records the facilities as District assets and records depreciation on these facilities. The District will own and maintain the detention ponds and wastewater system.

In accordance with GASB Statement No. 87, the District has recorded its leased wastewater treatment plant as a right-of-use asset (See Note 9). The right-of-use asset is being amortized over 45 years using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budgets, if revised, 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. 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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. BOND AUTHORIZATION

At an election held on May 4, 2024, voters authorized the issuance of bonds as follows: $701,000,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, including refunding and $254,000,000 for road bonds, including refunding.

NOTE 4. 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 $4,654 and the bank balance was $61,140. The District was not exposed to custodial credit risk.

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 September 30, 2025, the District did not have any investments.

NOTE 5. MAINTENANCE TAX

On May 4, 2024, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks, wastewater, and drainage and detention system. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax of $0.595 per $100 of assessed valuation, which resulted in a tax levy of $13,995 on the adjusted taxable valuation of $2,352,170 for the 2024 tax year.

On May 4, 2024, the voters of the District approved the levy and collection of a road maintenance tax not the exceed $0.25 per $100 of assessed valuation to be used for constructing and maintaining the District's roads. As of September 30, 2025, the District has not levied a road maintenance tax.

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.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025:

	October 1, 2024	Increases	Decreases	September 30, 2025
Capital Assets Not Being Depreciated				
Construction in Progress	$ -0-	29,902,562	29,896,352	6,210
Capital Assets Subject to Depreciation				
Water System	$	$ 7,451,340	$	$ 7,451,340
Wastewater System		2,352,004		2,352,004
Drainage System		8,466,502		8,466,502
Roads		11,626,506		11,626,506
Total Capital Assets Subject to Depreciation	$ -0-	$ 29,896,352	$ -0-	$ 29,896,352
Accumulated Depreciation				
Water System	$	$ 94,683	$	$ 94,683
Wastewater System		21,386		21,386
Drainage System		100,990		100,990
Roads		221,804		221,804
Total Accumulated Depreciation	$ -0-	$ 438,863	$ -0-	$ 438,863
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ -0-	$ 29,457,489	$ -0-	$ 29,457,489
Total Capital Assets, Net of Accumulated Depreciation	$ -0-	$ 59,360,051	$ 29,896,352	$ 29,463,699

NOTE 6. CAPITAL ASSETS (Continued)

Water, drainage and road facilities will be conveyed to the City of Terrell, Texas (the "City") and will be maintained by the City. The City agrees to provide services to the residents of the District. The District is entitled to significant residual interest in the facilities conveyed to the City and records the facilities as District assets and records depreciation on these facilities. The District will own and maintain the detention ponds and wastewater system.

NOTE 7. UNREIMBURSED COSTS

The District has entered into financing agreements with one or more developers which calls for the applicable developers to fund operating advances as well as costs associated with the construction of roads, water, wastewater, and drainage infrastructure or services. The District has an obligation to reimburse the developers for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs:

Due to Developers, October 1, 2024	$ 478,208
Add: Current Year Additions	30,961,189
Due to Developers, September 30, 2025	$ 31,439,397

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 changes in coverage from the prior year and settlements have not exceeded coverage in the last three years.

NOTE 9. CAPITAL LEASE

On June 11, 2024, the District entered into the First Amended and Restated Equipment Lease Agreement for the lease of a wastewater treatment plant. The initial lease term is 120 months with monthly lease payments due in the amount of $79,300. The plant was operational in June 2024, at which time, the Developer began making lease payments in accordance with the agreement.

Payments are due the first day of each month. After expiration of the Initial Term, the lease will extend for another 120 month period unless the District gives notice of its intent to terminate the lease. The District has the option to purchase the wastewater treatment plant at any time at the buyout amount as noted in the amortization schedule in the agreement.

NOTE 9. CAPITAL LEASE (Continued)

The following table reflects the changes in lease payable for the current fiscal year:

Capital Lease Payable, October 1, 2024	$ 6,288,104
Less: Capital Lease Principal Paid	440,883
Capital Lease Payable, September 30, 2025	$ 5,847,221

Future lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2026	479,317	472,283	951,600
2027	521,101	430,499	951,600
2028	566,528	385,072	951,600
2029	615,915	335,685	951,600
2030	669,606	281,994	951,600
2031	727,980	223,620	951,600
2032	791,440	160,160	951,600
2033	860,435	91,165	951,600
2034	614,899	19,501	634,400
	$ 5,847,221	$ 2,399,979	$ 8,247,200

Right-of-use assets, current amortization expense and accumulated amortization are summarized below:

	October 1, 2024	Increases	Decreases	September 30, 2025
Right-of-Use Asset Subject to Amortization				
Wastewater Treatment Plant	$ 6,427,064	$ -0-	$ -0-	$ 6,427,064
Less Accumulated Amortization				
Wastewater Treatment Plant	$ 35,999	$ 142,824	$ -0-	$ 178,823
Right-of-Use Asset Net of Accumulated Amortization	$ 6,391,065	$ (142,824)	$ -0-	$ 6,248,241

NOTE 10. DEFICIT FUND BALANCE

The District recorded a deficit fund balance in the General Fund of $128,802. The Board anticipates this deficit will be alleviated with continued growth within the District which will result in an increase in property tax and service revenues.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 13,716	$ 13,518	$ (198)
Wastewater Service	22,500		(22,500)
Connection Fees	315,000		(315,000)
Investment and Miscellaneous Revenues	1,760	139	$ (1,621)
TOTAL REVENUES	$ 352,976	$ 13,657	$ (339,319)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 75,000	$ 60,057	$ 14,943
Contracted Services	54,850	32,818	22,032
Utilities	37,500		37,500
Repairs and Maintenance	131,500	8,959	122,541
Other	105,744	152,161	(46,417)
Lease Principal and Interest		951,600	(951,600)
Capital Outlay		8,936	(8,936)
TOTAL EXPENDITURES	$ 404,594	$ 1,214,531	$ (809,937)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (51,618)	$ (1,200,874)	$ (1,149,256)
OTHER FINANCING SOURCES(USES)			
Developer Advances	$ 51,470	$ 1,067,563	$ 1,016,093
NET CHANGE IN FUND BALANCE	$ (148)	$ (133,311)	$ (133,163)
FUND BALANCE - OCTOBER 1, 2024	4,509	4,509	
FUND BALANCE (DEFICIT) - SEPTEMBER 30, 2025	$ 4,361	$ (128,802)	$ (133,163)

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2025

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

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

	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
X	Other (specify): Water service, drainage and roads provided or maintained by the City of Terrell.

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved October 16, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ (1)	(1)	(1)	$ (1)	(1)
WASTEWATER:	$39.26 (2)	-0-	N	$ 6.29	Per 1,000 gallons of metered water
SURCHARGE:	N/A				

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

Total monthly charges per 10,000 gallons usage: Water: $(1) Wastewater: $39.26 Surcharge: $0.00

(1) Residents of the District are provided water service by the City of Terrell, Texas.
(2) As of September 30, 2025, there were no active wastewater connections.

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 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"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections *	(1)	(1)		(1)
Total Wastewater Connections	(2)	(2)	x 1.0	(2)

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

Gallons pumped into system: (1)

Water Accountability Ratio: *
(Gallons billed/Gallons purchased)

Gallons billed to customers: (1)

(1) Residents of the District are provided water service by the City of Terrell, Texas.
(2) As of September 30, 2025, there were no active wastewater connections.

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely X Partly _____ Not at all ____

City the District is located within:

City of Terrell, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PROFESSIONAL FEES:		
Engineering	$	60,057
CONTRACTED SERVICES:		
Bookkeeping		13,892
Operations and Billing		7,751
Tax Collector		11,175
TOTAL CONTRACTED SERVICES	$	32,818
REPAIRS AND MAINTENANCE	$	8,959
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	7,293
Insurance		20,826
Office Supplies and Postage		1,438
Payroll Taxes		558
Travel and Meetings		507
Other		1,923
TOTAL ADMINISTRATIVE EXPENDITURES	$	32,545
CAPITAL OUTLAY	$	8,936
OTHER EXPENDITURES:		
Chemicals		63
Sludge Hauling		119,553
TOTAL OTHER EXPENDITURES	$	119,616
DEBT SERVICE:		
Lease Principal		440,883
Lease Interest		510,717
TOTAL DEBT SERVICE	$	951,600
TOTAL EXPENDITURES	$	1,214,531

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Maintenance Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2024	$ -0-	
Adjustments to Beginning Balance		$ -0-
Original 2024 Tax Levy	$ 13,995	
Adjustment to 2024 Tax Levy		13,995
TOTAL TO BE ACCOUNTED FOR		$ 13,995
TAX COLLECTIONS:		
Prior Years	$ -0-	
Current Year	13,518	13,518
TAXES RECEIVABLE - SEPTEMBER 30, 2025		$ 477
TAXES RECEIVABLE BY YEAR:		
2024		$ 477

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2024
PROPERTY VALUATIONS:	
Land	$ 6,799,643
Improvements	61,287
Exemptions	(4,508,760)
TOTAL PROPERTY VALUATIONS	$ 2,352,170
TAX RATES PER $100 VALUATION:	
Maintenance	$ 0.595
ADJUSTED TAX LEVY*	$ 13,995
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.59 %

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

Maintenance Tax – Maximum tax rate of $1.00 per $100 of assessed valuation approved by voters on May 4, 2024.

Road Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on May 4, 2024

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – ONE YEAR

	Amounts	Percentage of Total Revenues
	2025	2025
REVENUES		
Property Taxes	$ 13,518	99.0 %
Investment and Miscellaneous Revenues	139	1.0
TOTAL REVENUES	$ 13,657	100.0 %
EXPENDITURES		
Professional Fees	$ 60,057	439.8 %
Contracted Services	32,818	240.3
Repairs and Maintenance	8,959	65.6
Other	152,161	1,114.2
Lease Principal and Interest	951,600	6,967.9
Capital Outlay	8,936	65.4
TOTAL EXPENDITURES	$ 1,214,531	8,893.2 %
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,200,874)	(8,793.2) %
OTHER FINANCING SOURCES (USES)		
Developer Advances	1,067,563	
NET CHANGE IN FUND BALANCE	$ (133,311)	
BEGINNING FUND BALANCE	4,509	
ENDING FUND BALANCE (DEFICIT)	$ (128,802)	
TOTAL ACTIVE RETAIL WATER CONNECTIONS	(1)	
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	(2)	

(1) Residents of the District are provided water service by the City of Terrell, Texas.
(2) As of September 30, 2025, there were no active wastewater connections.

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

District Mailing Address - Kaufman County Water Control and Improvement District No. 1
c/o Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205

District Telephone Number - (972) 823-0800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2025	Expense Reimbursements for the year ended September 30, 2025	Title
Jocelyn Ansley	05/2022 - 05/2026 (Elected)	$ 884	$ 149	President
Christian Munoz	08/2023 - 05/2026 (Appointed)	$ 1,768	$ 45	Vice President
Doak Dozier	02/2022 - 05/2026 (Appointed)	$ 884	$ 56	Secretary
Collins Meier	05/2024 - 05/2028 (Elected)	$ 1,989	$ 71	Assistant Secretary
Meloni Raney	05/2024 - 05/2028 (Elected)	$ 1,768	$ 187	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.

Submission date of most recent District Registration Form: May 9, 2024

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

See accompanying independent auditor's report.

KAUFMAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

Consultants:	Date Hired	Fees for the year ended September 30, 2025	Title
Allen Boone Humphries Robinson LLP	09/26/22	$ -0-	General Counsel and Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/20/26	$ -0-	Auditor
Dye & Tovery, LLC	02/13/18	$ 13,892	Bookkeeper
Cedar Creek Municipal Advisors, LLC	04/20/26	$ -0-	Financial Advisor
R.W. Baird & Co.	01/12/23	$ -0-	Former Financial Advisor
Jones-Heroy & Associates, Inc.	07/13/23	$ 68,993	Engineer
Kerry Tovery		$ -0-	Investment Officer
Utility Tax Services, LLC	09/21/23	$ 13,095	Tax Assessor/Collector
Inframark, LLC	02/15/24	$ 136,327	Operator

See accompanying independent auditor's report.