OFFICIAL STATEMENT DATED MARCH 26, 2025

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the Issuer (defined herein) after the date of initial delivery of the Bonds described below (the "Bonds") with certain covenants contained in the Order (defined below) authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein.

THE BONDS ARE NOT DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE—BOOK ENTRY ONLY

Rating:
S&P: "AA"/ AG Insured
Moody's: "A1" AG Insured
Moody's: "Baa1" / Underlying
(see "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating" and "BOND INSURANCE"

$1,800,000
VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
(A political subdivision of the State of Texas located within Hunt County, Texas)
UNLIMITED TAX ROAD BONDS, SERIES 2025

The bonds described above (the "Bonds") are obligations solely of Verandah Municipal Utility District of Hunt County (the "District") and are not obligations of the State of Texas; Hunt County; the City of Royse City, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. **THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN**. **See "INVESTMENT CONSIDERATIONS."**

Dated Date: March 15, 2025 **Due: September 1, as shown below**

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment. Interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. Interest on the Bonds accrues from March 15, 2025 and will be payable on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as shown below.

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. Registered Owners (as defined herein) 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 Registered 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 will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Registered Owners of the Bonds as described herein. See "THE BONDS-Book-Entry-Only System".

MATURITY SCHEDULE, INTEREST RATES,
INITIAL YIELDS, AND CUSIP NUMBERS

CUSIP Prefix: 92336L (c)

Maturity Amount	Maturity September 1	Interest Rate	Initial Yield(b)	CUSIP Suffix(c)	Maturity Amount	Maturity September 1	Interest Rate	Initial Yield (b)	CUSIP Suffix(c)
$ 45,000	2027	99.000%	10.000%	PQ2	$ 100,000	2047	0.050% (a)	5.000%	QL2
45,000	2028	90.000%	10.000%	PR0	100,000	2048	0.050% (a)	5.010%	QM0
45,000	2029	80.000%	10.000%	PS8	100,000	2049	0.050% (a)	5.020%	QN8
***	***	***	***	***	105,000	2050	0.050% (a)	5.030%	QP3

$100,000 4.000% Term Bond due September 1, 2031(a)(d) at a Price of 102.201% to Yield 3.450%(b) - CUSIP No. PU3(c)
$105,000 4.000% Term Bond due September 1, 2033(a)(d) at a Price of 101.393% to Yield 3.650%(b) - CUSIP No. PW9(c)
$125,000 4.000% Term Bond due September 1, 2035(a)(d) at a Price of 100.591% to Yield 3.850%(b) - CUSIP No. PY5(c)
$205,000 4.000% Term Bond due September 1, 2038(a)(d) at a Price of 98.975% to Yield 4.100%(b) - CUSIP No. QB4(c)
$345,000 4.250% Term Bond due September 1, 2042(a)(d) at a Price of 98.188% to Yield 4.400%(b) - CUSIP No. QF5(c)
$380,000 4.500% Term Bond due September 1, 2046(a)(d) at a Price of 98.643% to Yield 4.600%(b) - CUSIP No. QK4(c)

(a) Bonds maturing on and after September 1, 2031 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time in part, on September 1, 2030, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date. Accrued interest is to be added to the price.
(c) 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 purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
(d) Subject to mandatory sinking fund redemption. See "THE BONDS – Redemption Provisions – Mandatory Sinking Fund Redemption."

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

ASSURED GUARANTY

The Bonds are offered, when, as and if issued by the District subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the legal opinion of Winstead PC, Dallas, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds is expected through DTC on or about April 24, 2025.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201, for further information.

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

SALE AND DISTRIBUTION OF THE BONDS

AWARD OF THE BONDS

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.003589% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.398844% as calculated pursuant to the Notice of Sale and Bidding Instructions.

PRICES AND MARKETABILITY

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

SECURITIES LAWS

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AG. Additionally, Moody's Investors Service ("Moody's"), is expected to assign its municipal bond insured rating of "A1" to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds issuance and will be issued by AG. The Bonds are also rated "Baa1" by Moody's without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

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OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. **THE SUMMARY MUST NOT BE DETACHED AND MUST BE USED IN CONJUNCTION WITH MORE COMPLETE INFORMATION CONTAINED HEREIN. A FULL REVIEW MUST BE MADE OF THE ENTIRE OFFICIAL STATEMENT AND OF THE DOCUMENTS SUMMARIZED OR DESCRIBED HEREIN.**

THE DISTRICT

Description............................ Verandah Municipal Utility District of Hunt County (the "District") was created by order of the Hunt County Commissioners Court, effective April 23, 2003, as a fresh water supply district in accordance with the Texas Water Code, Chapter 53. Pursuant to H.B. No. 1141 passed by the 79th Texas Legislative and effective June 17, 2005 (Chapter 8110, Special District Local Laws Code), the District was converted to a municipal utility district with road powers. The District operates in accordance with Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality. It contains approximately 951 acres of land, all of which are within the exclusive extraterritorial jurisdiction of the City of Royse City, and is located wholly within Hunt County, Texas and wholly within the boundaries of Royse City Independent School District.

The Development.................. "Verandah" is a master planned community designed to be marketed to entry level homebuyers. Verandah offers family-oriented features such as a swimming pool with water spray park, playground, bike and walking trails, picnic areas, and acres of open space. The Verandah community is located on Interstate 30 at FM 2642 in Hunt County. Verandah is located approximately 34 miles from downtown Dallas and approximately 23 miles from the intersection of Interstate 30 and LBJ Freeway in Dallas, connecting employment centers, shopping and destination living.

Valor Farms, a D.R. Horton Express community, was developed in 2021 and is within the District boundaries. The Valor Farms project serves entry level home buyers.

Status of Development .... Verandah Phases 1A/1B/1C/1D/1E/2A/2B/2C/3A/3B/4/5/5B/5C/6/7/8/9 and Valor Farms Phases 1 and 2 are completed, consisting of approximately 576 acres. The development project currently includes 213 60-foot width lots, 1,928 50-foot width lots, 109 40-foot width lots with rear entries and 98 40-foot width lots with front entries. The total completed lot count is currently 2,348 lots on which 1,953 homes are completed, including 5 model homes. Homebuilders include DR Horton, Holiday Homes, Lennar, Megatel Homes, M/I Homes and Pulte.

In addition to the foregoing development, there are approximately 53 acres under development and 260 developable acres upon which development has not yet commenced. It is currently anticipated that such acreage will be developed into 1,317 residential lots; however, no representation is made as to when, if ever, such development will occur. In addition to the developable land, there is approximately 49 acres of land that is not developable, most of which is located within the floodplain and/or is an existing unplatted pond and approximately 13 acres of land that are part of the schools within the District boundaries.

Outstanding Bonds .... From previously issued debt, the District has $2,470,000 in Unlimited Tax Road Bonds, Series 2013; $1,145,000 Unlimited Tax Road Bonds, Series 2015; $2,035,000 Unlimited Tax Road Refunding Bonds, Series 2017; $2,805,000 Unlimited Tax Road Bonds, Series 2019; $5,445,000 Unlimited Tax Road Bonds, Series 2021; $12,975,000 Unlimited Tax Road Bonds, Series 2022; $6,655,000 Unlimited Tax Road Bonds, Series 2023; $3,570,000 Unlimited Tax Road Bonds, Series 2023A; and $2,450,000 Unlimited Tax Road Bonds, Series 2024 currently outstanding (the "Outstanding Road Bonds"), along with $2,825,000 Unlimited Tax Utility Bonds, Series 2018, $4,305,000 Unlimited Tax Utility Bonds, Series 2020; $6,715,000 Unlimited Tax Utility Bonds, Series 2023; and $13,440,000 Unlimited Tax Utility Bonds, Series 2024 (the "Outstanding Utility Bonds") (the "Outstanding Utility Bonds" and the "Outstanding Road Bonds" are collectively known as the "Outstanding Bonds").

Future Debt.......................... The Developers (hereinafter defined) have advanced certain funds on behalf of the District for administration and operating costs and for the construction of utility facilities and road improvements. As of February 1, 2025, the Developers had expended approximately $6,700,000 for utility facilities which have not been reimbursed. Likewise, the Developers had expended approximately $1,550,000 for road facilities which have not been reimbursed. The total approximate outstanding balance due to the Developers as of February 1, 2025 was $8,250,000. After the issuance of the Bonds, the remaining outstanding balances due to the Developers will be approximately $6,700,000 for utility facilities and $0 for road facilities, for a total of approximately $6,700,000. The Developers may expend further funds for construction of infrastructure to serve the property within the District. The District intends to issue additional bonds as soon as feasible and from time to time in the future in order to reimburse the Developers for operating costs, road improvements and utility improvements.

Developers……………………One Verandah, L.P., a Texas Limited Partnership, is the primary developer of land within the District ("One Verandah"). The general partner of One Verandah is Centamtar, LLC, a Texas limited liability corporation. Centamtar LLC has a single member which is CTMGT, LLC, a Texas limited liability corporation. CTMGT, LLC is managed in the Centurion American Development Group family, whose founder and president is Mehrdad Moayedi. Centurion American Development Group is in the business of acquiring and improving land for the development of residential housing communities.

CTMGT Verandah 138, LLC, also a subsidiary of CTMGT, LLC, owns approximately 246.068 acres held for future development of 964 lots.

CTMGT Verandah 5, LLC, a subsidiary of CTMGT, LLC, developed the 49.69 acres known as Phases 5B/C, which contain 230 lots. Phase 5B consists of 119-50 foot width lots and Phase 5C consists of 111-50 foot width lots. CTMGT Verandah 5 also developed 44.431 acres known as Phase 6, which contains 181 lots.

CTMGT Verandah 4, LLC, a subsidiary of CTMGT, LLC, developed 53.484 acres within the District known as Phase 4, which contains 252 lots.

MM Verandah 3E and 7, LLC developed 40.2 acres known as Phase 7, which contains 170 lots and owns approximately 24.70 acres held for future development of 116 lots.

Verandah Phase 9, LLC developed 57.109 acres known as Verandah Phase 9, which contains 212 lots.

Verandah Phase 3A, LLC, a subsidiary of CTMGT, LLC, developed 22.896 acres that are currently known as Phase 3A, which contains 99 lots.

D.R. Horton – Texas LTD ("DRH"), owns approximately 53.019 acres that are currently being developed as Phase 8, which contains 237 lots.

In addition, 206 McKinney, LLC an entity owned by DRH, and unrelated to One Verandah or any of its affiliates listed here, developed Phase 2C, consisting of 55 lots.

Approximately 92.447 acres owned by DRH were annexed into the District in February 2019 and is known as Valor Farms. 130 lots in Valor Farms Phase 1 have been completed, and there are 129 completed homes. 257 lots in Valor Farms Phase 2 have been completed, and there are 248 completed homes.

One Verandah and DRH are collectively referred to as "Developers."

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THE BONDS

The Issue .... $1,800,000 Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds, Series 2025 (the "Bonds"), dated March 15, 2025. The Bonds mature on September 1 in each of the years and in the respective principal amounts shown on the cover page hereof. The Bonds bear interest from March 15, 2025 at the rates shown on the cover hereof, payable on each March 1 and September 1, commencing March 1, 2026. The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple thereof.

Authority for Issuance .... The Bonds are issued pursuant to an order (the "Bond Order") to be adopted on March 26, 2025 by the Board of Directors of the District (the "Board"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas; and an election held within the boundaries of the District. See "THE BONDS –Authority for Issuance." At elections held within the District on May 10, 2008, voters authorized a total of $136,235,000 of unlimited tax bonds, consisting of $71,675,000 for road purposes (the "Road Bonds") and $64,560,000 for water, sewer, and drainage purposes (the "Utility Bonds"). After the issuance of the Bonds, the District will have $27,360,000 in Road Bonds and $36,285,000 in Utility Bonds authorized but unissued. Voters in the District have also authorized $107,510,000 in bonds for the purpose of refunding Road Bonds (the "Road Refunding Bonds") and $96,840,000 in bonds for the purpose of refunding Utility Bonds (the "Utility Refunding Bonds"). The District has $107,240,000 in Road Refunding Bonds and $96,840,000 in Utility Refunding Bonds authorized but unissued. See "THE BONDS – Issuance of Additional Debt."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

Use of Proceeds .... Proceeds from the sale of the Bonds will be used to reimburse the Developers for the construction of road improvements. Bond proceeds will also be used to pay certain costs related to the issuance of the Bonds. See "ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS."

Redemption .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2031 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption. See "THE BONDS – Redemption Provisions."

Payment Record .... The District has never defaulted in the timely payment of debt service on the Outstanding Bonds. The District has issued $42,510,000 unlimited tax road bonds, $3,040,000 unlimited tax road refunding bonds and $28,275,000 unlimited tax utility bonds to-date. The Bonds will be the ninth series of new money road bonds issued by the District.

Municipal Bond Rating .... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AG. Additionally, Moody's Investors Service ("Moody's"), is expected to assign its municipal bond insured rating of "A1" to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AG. The Bonds are also rated "Baa1" by Moody's without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

Municipal Bond Insurance The scheduled payment of principal of and interest on the Bonds when due, will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC ("AG"). See "BOND INSURANCE – Bond Insurance Policy" herein.

Bond Counsel .... Winstead PC, Dallas, Texas

General Counsel .... Winstead PC, Dallas, Texas

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

Financial Advisor .... Hilltop Securities Inc., Dallas, Texas

Engineer............................... Barraza Consulting Group, Richardson, Texas

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

Bookkeeper........................... Dye & Tovery, LLC, Plano, Texas

THE PURCHASE AND OWNERSHIP OF THE BONDS DESCRIBED HEREIN ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

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SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Certified Net Taxable Assessed Valuation	$ 559,755,459	(1)
Outstanding Bonds (road and utility bonds combined)	$ 66,835,000	(2)
The Bonds	1,800,000	
Total Direct Debt	$ 68,635,000	
Estimated Overlapping Debt	$ 71,528,665	(3)
Total Direct Debt and Estimated Overlapping Debt	$ 140,163,665	
Ratio of Direct Debt to:		
2024 Certified Net Taxable Assessed Valuation	12.26%	
Ratio of Direct Debt and Estimated Overlapping Debt to:		
2024 Certified Net Taxable Assessed Valuation	25.04%	
Combined Average Annual Debt Service Requirement (2025-2050)	$ 4,164,870	
Combined Maximum Annual Debt Service Requirement (2026)	$ 4,624,615	
Tax Rate Required to Pay Combined Average Annual Debt Service (2025-2050) at a 98% Collection Rate		
Based upon the 2024 Certified Net Taxable Assessed Valuation	$ 0.7592	
Tax Rate Required to Pay Combined Maximum Annual Debt Service (2026) at a 98% Collection Rate		
Based upon the 2024 Certified Net Taxable Assessed Valuation	$ 0.8430	
General Fund Balance as of January 15, 2025	$ 1,583,199	
Capital Projects Fund Balance as of January 15, 2025	$ 1,229,956	
Road Debt Service Fund Balance as of January 15, 2025	$ 2,140,943	(4)
Utility Debt Service Fund Balance as of January 15, 2025	$ 1,442,721	(4)
2024 District Tax Rate (per $100 Assessed Valuation)(5)		
Road Debt Service	$ 0.4687	
Utility Debt Service	0.2782	
Maintenance and Operations	0.1031	
Total Tax Rate	$ 0.8500	
Status of Estimated Home Construction as of February 1, 2025(6)		
Single Family Homes Completed (including 5 model homes)	1,953	
Single Family Homes Under Construction	43	
Vacant Lots(7)	352	
Total	2,348	

(1) As certified by Hunt County Appraisal District. See "TAXING PROCEDURES."

(2) As provided by Hunt County Appraisal District for informational purposes only. No taxes will be levied on this amount.

(3) See "DEBT AND FINANCIAL INFORMATION - Estimated Overlapping Debt."

(4) Any funds in the utility bonds debt service fund are pledged only to pay the debt service on the Outstanding Utility Bonds and any additional utility bonds and are not pledged to pay debt service on the Bonds. Likewise, any funds in the road bonds debt service fund are pledged only to pay the debt service on the Bonds, the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the bond orders authorizing the issuance of the Bonds or the Outstanding Bonds require the District to maintain any minimum balance in the utility bonds debt service fund or the road bonds debt service fund. Accrued interest on the Bonds from the Dated Date to the Delivery Date will be deposited into the road bonds debt service fund.

(5) See "TAX DATA." The tax rate consists of a maintenance and operations tax rate of $0.1031, a debt service tax rate of $0.2782 to make debt service payments on the Outstanding Utility Bonds and any additional utility bonds issued in the future and a debt service tax rate of $0.4687 to make debt service payments on the Bonds, the Outstanding Road Bonds and any additional road bonds issued in the future.

(6) As reported by the Developers. See "THE DISTRICT - Status of Development."

(7) As reported by the Developers. See "INVESTMENT CONSIDERATIONS - Vacant Developed Lots."

OFFICIAL STATEMENT

$1,800,000

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
(A political subdivision of the State of Texas located within Hunt County, Texas)

UNLIMITED TAX ROAD BONDS, SERIES 2025

This Official Statement provides certain information in connection with the issuance by Verandah Municipal Utility District of Hunt County (the "District") of its $1,800,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors of the District (the "Board"), and an election held within the District.

This Official Statement includes descriptions, among others, of the Bonds, the Bond Order, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas, 75201, upon payment of the cost of duplication, mailing and handling charges.

THE BONDS

DESCRIPTION

The Bonds are dated and bear interest from March 15, 2025, at the rates shown on the cover hereof, with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The bonds mature on September 1 of the years and in the amounts shown under "MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. Principal of the Bonds will be payable upon presentation of the Bonds at the principal payment office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest calculations are based upon a 360-day year comprised of twelve 30-day months.

The principal of the Bonds will be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar. If not then subject to the Book-Entry-Only System described below, interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed on or before the Interest Payment Date, by the Paying Agent/Registrar to the Registered Owners on the Record Date (described below under "THE BONDS – Record Date for Interest Payment"), 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 the Registered Owner, to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding business day.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, 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 believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (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 requested by an authorized representative of DTC. One fully-registered 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 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 purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 nor its nominee, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, 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-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed securities certificates will be issued to the respective Registered Owners and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under caption "Registration and Transfer" below.

RECORD DATE FOR INTEREST PAYMENT

The date for determining the person to whom the interest on the Bonds is payable on any Interest Payment Date means the close of business on the 15th business day of the preceding calendar month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest which will be 15 days after the Special Record Date, must be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

SOURCE OF PAYMENT

The Bonds, the Outstanding Bonds (hereafter defined) and any bonds subsequently issued payable in whole or in part from taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District (see "TAXING PROCEDURES"). The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; Hunt County; the City of Royse City or any political subdivision or entity other than the District.

PERFECTED SECURITY INTEREST

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the District under the Bond Order and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the District under the Bond Order is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Registered Owners of the Bonds a security interest in such pledge, the District agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

FUNDS

In the Bond Order, creation of the Road Debt Service Fund (the “Road Debt Service Fund”) is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Outstanding Road Bonds and the Bonds authorized by the Bond Order shall be deposited, in the Road Debt Service Fund. Upon the receipt by the District of the purchase price for the Bonds, the accrued interest on the Bonds from the Dated Date to the Delivery Date shall be deposited into the Road Debt Service Fund. The remaining proceeds of sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund to be used for the purposes described in the Bond Order. See “ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS” for a more complete description of the use of Bond proceeds.

PURPOSE

Proceeds from the sale of the Bonds will be used to reimburse the Developers for the construction of road improvements. Bond proceeds will also be used to pay certain costs related to the issuance of the Bonds. See “ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS.”

REDEMPTION PROVISIONS

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031, prior to their scheduled maturities, in whole or in part, in integral multiples of $5,000 on September 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are optionally redeemed at any time, the maturities and amounts of the Bonds to be redeemed will be selected by the District. If fewer than all the Bonds of a particular maturity are to be optionally redeemed, the particular Bonds to be redeemed will be selected by the Paying Agent/Registrar by lot or other method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2031, 2033, 2035, 2038, 2042 and 2046 (the "Term Bonds") are subject to mandatory sinking fund redemption on the dates and in the principal amounts shown below at the price of par plus accrued interest to the date of redemption:

Term Bonds Due September 1, 2031

Redemption Date		Principal Amounts
September 1, 2030		$ 50,000
September 1, 2031	(maturity)	50,000

Term Bonds Due September 1, 2033

Redemption Date		Principal Amounts
September 1, 2032		$ 50,000
September 1, 2033	(maturity)	55,000

Term Bonds Due September 1, 2035

Redemption Date		Principal Amounts
September 1, 2034		$ 60,000
September 1, 2035	(maturity)	65,000

Term Bonds Due September 1, 2038

Redemption Date		Principal Amounts
September 1, 2036		$ 65,000
September 1, 2037		65,000
September 1, 2038	(maturity)	75,000

Term Bonds Due September 1, 2042

Redemption Date		Principal Amounts
September 1, 2039		$ 85,000
September 1, 2040		85,000
September 1, 2041		85,000
September 1, 2042	(maturity)	90,000

Term Bonds Due September 1, 2046

Redemption Date	Principal Amounts
September 1, 2043	$ 95,000
September 1, 2044	90,000
September 1, 2045	95,000
September 1, 2046	100,000

The Paying Agent/Registrar shall select by lot the Term Bonds within the applicable stated maturity to be redeemed. Any Term Bond not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with money in the Road Debt Service Fund at a price no exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bond or portions thereof so redeemed shall no longer be regarded as outstanding except for purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Notice of Redemption; Effect of Redemption: Notice of redemption identifying the Bonds to be redeemed in whole or in part will be given by the Paying Agent/Registrar by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar. The Paying Agent/Registrar may also provide written notice of redemption to DTC by facsimile. Such notices will state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given will be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision must be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed will no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption will terminate on the date fixed for redemption.

AUTHORITY FOR ISSUANCE

At an election held within the District on May 10, 2008, voters authorized a total of $136,235,000 of unlimited tax bonds for construction purposes, consisting of $71,675,000 for road purposes (road bonds) and $64,560,000 for water, sewer, and drainage purposes (utility bonds). After the issuance of the Bonds, the District will have $36,285,000 in unlimited tax bonds for water, sewer, and drainage purposes and $27,360,000 in unlimited tax bonds for road purposes, authorized but unissued. Voters in the District have also authorized $107,510,000 in bonds for the purpose of refunding road bonds and $96,840,000 in bonds for the purpose of refunding utility system bonds. The District has $107,240,000 in Road Refunding Bonds and $96,840,000 in Utility Refunding Bonds authorized but unissued. The Bonds are issued pursuant to the Texas Constitution and general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended; Article III, Section 52, Texas Constitution; the foregoing May 10, 2008 elections held by the District; and an order expected to be adopted by the Board of Directors of the District on July 17, 2024 authorizing the issuance of the Bonds (the "Bond Order").

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

REGISTRATION AND TRANSFER

So long as any Bonds remain outstanding, the Paying Agent/Registrar will keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar will provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

In the event the Book-Entry-Only System should be discontinued, each Bond will be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefore, to the extent possible and under reasonable circumstances within three business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds will be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate principal amount or maturing amounts, as appropriate, equal to the unpaid principal amount or maturing amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered will be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is or Bonds are delivered.

Neither the District nor the Paying Agent/Registrar will be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the 45-day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange will be paid by the District.

REPLACEMENT OF PAYING AGENT/REGISTRAR

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

LOST, STOLEN, OR DESTROYED BONDS

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Bond, the Paying Agent/Registrar will authenticate and deliver in exchange therefore a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, destroyed, or stolen, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, will, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar will authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen, destroyed, damaged, or mutilated Bonds will be required to pay the District's costs and fees to replace such Bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

OUTSTANDING BONDS

As of February 1, 2025, the District had $2,470,000 in Unlimited Tax Road Bonds, Series 2013; $1,145,000 Unlimited Tax Road Bonds, Series 2015; $2,035,000 Unlimited Tax Road Refunding Bonds, Series 2017; $2,805,000 Unlimited Tax Road Bonds, Series 2019; $5,445,000 Unlimited Tax Road Bonds, Series 2021; $12,975,000 Unlimited Tax Road Bonds, Series 2022; $6,655,000 Unlimited Tax Road Bonds, Series 2023; $3,570,000 Unlimited Tax Road Bonds, Series 2023A; and $2,450,000 Unlimited Tax Road Bonds, Series 2024 currently outstanding (the "Outstanding Road Bonds"), along with $2,825,000 Unlimited Tax Utility Bonds, Series 2018, $4,305,000 Unlimited Tax Utility Bonds, Series 2020; $6,715,000 Unlimited Tax Utility Bonds, Series 2023; and $13,440,000 Unlimited Tax Utility Bonds, Series 2024 (the "Outstanding Utility Bonds") (the "Outstanding Utility Bonds" and the "Outstanding Road Bonds" are collectively known as the "Outstanding Bonds").

ISSUANCE OF ADDITIONAL DEBT

The District may issue additional unlimited tax bonds for road and/or utility purposes as the District's continued development and homebuilding contribute to an increase in taxable assessed value. Any bonds issued by the District, however, must be approved by the Attorney General of Texas. Currently, approval of the Texas Commission on Environmental Quality (the "TCEQ") is not necessary for the issuance of bonds issued to finance the acquisition or construction of roads and roadway improvements. However, if the debt is for water, sewer or drainage purposes, approval of the TCEQ is generally required. See "THE DISTRICT – General."

The Bond Order 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. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. The District currently receives fire-fighting services from the City of Royse City, Texas. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

ANNEXATION

The District is located entirely within the extraterritorial jurisdiction of the City of Royse City, Texas (the "City"). Under Texas law, a municipality may annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Local Government Code ("Chapter 43"). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the district through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. The District has an estimated population of 6,416, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The above-described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the district. The City and the District are not currently parties to a strategic partnership agreement, except for the limited purpose of collecting sales and use tax.

If the District is annexed, the City must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur. Additionally, the power of the City to annex the District is restricted by the Development Agreement (defined below).

In addition to the annexation provisions prescribed by law, including Chapter 43, the District, the City, and One Verandah, L.P., as original owner and developer of the District, have entered into a Development and Facilities Agreement (as amended, the "Development Agreement"), which Development Agreement contains further provisions regarding the potential annexation of the District. The District remains immune from full-purpose annexation through the term of the Development Agreement, which is currently set to expire on September 10, 2039.

CONSOLIDATION

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

REMEDIES IN EVENT OF DEFAULT

Other than a writ of mandamus, the Bond Order does not provide a specific remedy for a default. 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. Even if a Registered Owner could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS--Registered Owners' Remedies and Bankruptcy Limitations." Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Pursuant to Section 1201.041,Texas Government Code and Section 49.186, Texas Water Code, the Bonds are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for public funds of cities, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are also eligible under Section 49.186, Texas Water Code and the Public Funds Collateral Act, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, and such political subdivisions may impose other, more stringent, requirements that the Bonds would have to meet in order for the Bonds to be legal investments of such entity's funds or to be eligible to serve as collateral for their funds.

The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations, or investment criteria that might affect the legality or suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

AMENDMENT OF BOND ORDER

The Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have the right from time to time to approve any amendment to the Bond Order which may be deemed necessary or desirable by the District; however, no amendment, without the consent of the Registered Owner of each of the outstanding Bonds affected thereby, may:

(i) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;

(ii) reduce the rate of interest bone by any of the outstanding Bonds;

(iii) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;

(iv) modify the terms of payment of principal of, redemption premium, if any or interest on the outstanding Bonds or impose any conditions with respect to such payments;

(v) affect the right of the Registered Owners of less than all of the Bonds then outstanding; or

(vi) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

Written notice of a proposed amendment must be provided as described in the Bond Order. Whenever, at any time within one year from the date of providing such notice, the District receives an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which consents to and approves such amendment, the District may adopt the amendment in substantially the same form.

The District may also amend, change or modify the Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, without notice of the proposed amendment and without the consent of the Registered Owners; provided, however, no such amendment may be made contrary to the provisions described above.

Upon the adoption of any amendment, the Bond Order will be deemed to be amended in accordance therewith, and the respective rights, duties, and obligations under such amendment of all the Registered Owners will thereafter be determined and exercised subject in all respects to such amendment.

DEFEASANCE

Any Bond, and the interest thereon, will be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond") when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, redemption, or otherwise) either (i) will have been made or caused to be made in accordance with the terms of such Bond (including the giving of any required notice of redemption) or (ii) will have been provided for on or before such due date in any manner permitted by law, currently by irrevocably depositing with or making available to a person (a "Depositary"), with respect to the safekeeping, investment, administration, and disposition of a deposit for such payment (the "Deposit") lawful money of the United States of America sufficient to make such payment and/or Government Obligations (as defined below), which may be in book-entry form, that mature and bear interest payable at times and in amounts sufficient to provide for the scheduled payment or redemption of any Defeased Bond. To cause a Bond scheduled to be paid or redeemed on a date later than the next scheduled interest payment date on such Bond to become a Defeased Bond, the District must, with respect to the Deposit, enter into an escrow or similar agreement with a Depositary.

In connection with any defeasance of the Bonds, the District will cause to be delivered: (i) in the event an escrow or similar agreement has been entered into with a Depositary to effectuate such defeasance, a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the Defeased Bonds in full on the maturity or redemption date thereof ("Verification") or (ii) in the event no escrow or similar agreement has been entered into, a certificate from the chief financial officer of the District certifying that the amount deposited with a Depositary is sufficient to pay the Defeased Bonds in full on the maturity or redemption date thereof. In addition to the required Verification or certificate, the District will also cause to be delivered an opinion of nationally recognized bond counsel to the effect that the Defeased Bonds are no longer outstanding pursuant to the terms of the Bond Order and a certificate of discharge of the Paying Agent/Registrar with respect to the Defeased Bonds. The Verification, if any, and each certificate and opinion required under the Bond Order must be acceptable in form and substance, and addressed, if applicable, to the Paying Agent/Registrar and the District. The Bonds will remain outstanding unless and until they are in fact paid and retired or the above criteria are met.

At such time as a Bond is deemed to be a Defeased Bond, and all required criteria under the Bond Order have been met, such Bond and the interest thereon will no longer be outstanding or unpaid and will no longer be entitled to the benefits of the pledge of the security interest granted under the Bond Order, and such principal and interest will be payable solely from the Deposit of money and/or Government Obligations. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, 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 reservation be included in any redemption notices that it authorizes.

The term "Government Obligations" means all obligations authorized for defeasance purposes under Texas law, currently: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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 District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the 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.

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, Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOND INSURANCE

BOND INSURANCE POLICY

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

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

ASSURED GUARANTY INC.

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

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

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At December 31, 2024:

- The policyholders' surplus of AG was approximately $3,524 million.

- The contingency reserve of AG was approximately $1,392 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,424 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2025 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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

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

Miscellaneous Matters

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

BOND INSURANCE RISKS

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 Bond shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the 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 no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the revenues pledged in the Bond Order. 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 rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims 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 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 "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating" herein for a description of the ratings.

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law. Neither the District nor the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

THE DISTRICT

GENERAL

Verandah Municipal Utility District of Hunt County (the "District") was created by order of the Hunt County Commissioners Court, effective April 28, 2003, as a fresh water supply district in accordance with the Texas Water Code, Chapter 53. Pursuant to H.B. No. 1141 passed by the 79th Texas Legislative and effective June 17, 2005 (the "District Act"), the District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the TCEQ. The District is governed by a Board of Directors consisting of five (5) individuals who are residents or owners of property within the District and are elected by voters within the District.

On July 15, 2015, after notice and hearing, the District added 195.772 acres of developable lands to the District, all located in Hunt County, in exchange for the exclusion of 117 acres of certain lands within the District, partly located in Rockwall County, which were not receiving service from the District, resulting in all property within the District currently being located in Hunt County. The substitution of lands was performed in accordance with the procedures of Sections 54.739-747, Texas Water Code, for substitution of lands after the issuance of district bonds to prevent impairment of the security for the District's previously issued bonds and the Bonds and certain findings were made by the Board of Directors after public hearing and in accordance with the Texas Water Code.

On February 13, 2019, after notice and hearing, the District added 92.447 acres of developable land to the District, all located in Hunt County, in exchange for the exclusion of 13.389 acres of certain land within the District, also located in Hunt County but which was not receiving service from the District. The substitution of lands was performed in accordance with the procedures of Sections 54.739-747, Water Code, for substitution of land of equal or greater value to the land excluded after the issuance of district bonds to prevent impairment of the security for the District's previously issued bonds and certain findings were made by the Board of Directors after public hearing and in accordance with the Texas Water Code. The Hunt County Appraisal District reported a net gain in value of $3,391,420 resulting from the above-described exclusion and addition of land in the District. As of 2020, ad valorem property taxes were levied on the net gain in value and will continue to be levied in the future as long as the District levies ad valorem property taxes.

The District is empowered to finance, purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered, among other things, to finance, purchase, construct, operate, and maintain macadamized, graveled, or paved roads and turnpikes, or in aid thereof. The District may issue bonds and other forms of indebtedness for such purposes. Additionally, the District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District. See "THE BONDS – Issuance of Additional Debt".

Other than for construction and financing of road improvements, the TCEQ exercises continuing supervisory jurisdiction over the District. Although the District is located within the extraterritorial jurisdiction of the City of Royse City ("Royse City"), the District is not presently subject to any requirements which limit the purposes for which the District may sell bonds; limit the net effective interest rate on such bonds or other terms of such bonds; require approval of construction plans; or limit utility connections only to lots or reserves described in approved plats. The District is required to observe certain requirements of the Attorney General. Construction and operation of the District's utility and roadway system is subject to the regulatory jurisdiction of the State of Texas and local agencies. See "THE ROAD, WATER, WASTEWATER, AND DRAINAGE FACILITIES."

LOCATION

The District is located approximately 34 miles northeast of downtown Dallas, and 2 miles south of downtown Royse City, located on Interstate Highway 30. The District is bounded on the south by Interstate Highway 30 and on the west by FM2642. The District contains approximately 951 acres of land, all of which are within the exclusive extraterritorial jurisdiction of Royse City and within the boundaries of Royse City Independent School District.

THE VERANDAH AND VALOR FARMS DEVELOPMENTS

"Verandah" is a master planned community designed to be marketed to entry level homebuyers. Verandah offers family-oriented features such as a swimming pool with water spray park, playground, bike and walking trails, picnic areas, and acres of open space.

Valor Farms, a D.R. Horton Express community, was developed in 2021 and is within the District boundaries. The Valor Farms project serves entry level home buyers.

There are two elementary schools serving the Verandah and Valor Farms communities, one approximately two miles away from the District boundaries and one inside the District's boundaries.

The Verandah and Valor Farms communities are located on Interstate 30 at FM 2642 in Hunt County and are approximately 34 miles from downtown Dallas and approximately 23 miles from the intersection of Interstate 30 and LBJ Freeway in Dallas, connecting employment centers and shopping.

STATUS OF DEVELOPMENT

Pursuant to agreements with the Developers (herein defined), the District has provided for the design and construction of infrastructure to serve the land within its boundaries. Construction of water, sanitary sewer, and drainage facilities and road improvements for the 2,742 lots in Phases 1A/1B/1C/1D/1E/2A/2B/2C/3A/3B/4/5/5B/5C/6/7/8/9 and Valor Farms Phases 1 and 2 have been completed. The development project currently includes 213 60-foot width lots, 1,928 50-foot width lots, 109 40-foot width lots with rear entries, 98 40-foot width lots with front entries, and 29 Lots for Model Park Sections. The total completed lot count is currently 2,348 lots on which 1,953 homes are completed, including 5 model homes. Homebuilders include DR Horton, Holiday Homes, Lennar, Megatel Homes, M/I Homes and Pulte. See "Home Building Program" below.

CTMGT Verandah 138, LLC, also a subsidiary of CTMGT, LLC, owns approximately 246.068 acres held for future development of 964 lots.

CTMGT Verandah 5, LLC, a subsidiary of CTMGT, LLC, developed the 49.69 acres known as Phases 5B/5C, which contain 230 lots. Phase 5B consists of 119-50 foot width lots and Phase 5C consists of 111-50 foot width lots. CTMGT Verandah 5 also developed 44.431 acres known as Phase 6, which contains 181 lots.

CTMGT Verandah 4, LLC, a subsidiary of CTMGT, LLC, developed 53.484 acres within the District known as Phase 4, which contains 252 lots.

MM Verandah 3E and 7, LLC developed 40.2 acres known as Phase 7, which contains 170 lots and owns approximately 24.70 acres held for future development of 116 lots.

Verandah Phase 9, LLC developed 57.019 acres known as Verandah Phase 9, which contains 212 lots.

Verandah Phase 3A, LLC, a subsidiary of CTMGT, LLC, developed 22.896 acres that are currently known as Phase 3A, which contains 99 lots.

D.R. Horton – Texas LTD ("DRH"), owns approximately 53.019 acres that are currently being developed as Phase 8, which contains 237 lots.

In addition, 206 McKinney, LLC an entity owned by DRH, and unrelated to One Verandah or any of its affiliates listed here, developed Phase 2C, consisting of 55 lots.

Approximately 92.447 acres owned by DRH were annexed into the District in February 2019 and are known as Valor Farms. 130 lots in Valor Farms Phase 1 have been completed, and there are 129 completed homes. 257 lots in Valor Farms Phase 2 have been completed, and there are 248 completed homes.

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The following chart provides a construction status report as of January 15, 2025.

VERANDAH DEVELOPMENT STATUS*

Phases	Lot Type	Approx. Acres	Number of Lots	Finished but Vacant Lots	Lots Under Construction	Completed Homes	Homes Under Construction
1A	60'	24.567	64	0	0	64	0
1B	50'	28.341	103	0	0	103	0
1C	40' R	19.322	109	0	0	109	0
1D	40' F	18.792	91	0	0	91	0
1E	50'	30.958	29	8	0	20	1
2A	60'	10.610	40	0	0	40	0
2B	50'	14.606	70	0	0	70	0
2C	50'	10.464	55	0	0	55	0
3A	50'	22.896	99	99	0	0	0
3B	50'	68.670	256	0	0	256	0
4	50'	53.484	252	0	0	252	0
5	50'	49.699	230	1	0	229	0
6	50'	44.431	181	0	0	181	0
7	50'	40.194	170	71	0	72	27
8	50'	53.019	237	0	237	0	0
9	50'	59.609	212	163	0	34	15
Valor Farms Phase 1	50'	28.890	130	1	0	129	0
Valor Farms Phase 2	50'	50.458	257	9	0	248	0
		629.01	2,585	352	237	1,953	43

*Information provided by the Developers and Engineer as of January 15, 2025. The developer of Valor Farms Phases 1 and 2 is also the homebuilder.

HOME BUILDING PROGRAM*

Home Builders	Phase	Lots Completed	Lots Under Contract	Lots Closed	Homes Built
Holiday Homes	1A	64	0	64	64
D.R. Horton/Lennar	1B	103	0	103	103
Bowen/D.R. Horton/Holiday Homes/Megatel/Sienna	1C	109	0	109	109
D.R. Horton/Lennar	1D	91	0	91	91
Bowen/D.R. Horton/Holiday Homes/Lennar/Megatel/One Verandah, LP	1E	29	0	29	15
CTMGT Verandah, LLC/Holiday Homes	2A	40	0	40	38
D.R. Horton/Megatel	2B	70	0	70	70
D.R. Horton	2C	55	0	55	55
Beazer/MI Homes	3A	256	244	12	0
D.R. Horton/Lennar/Megatel	3B	256	0	256	256
D.R. Horton/Lennar	4	252	0	252	245
MI Homes/Pulte	5	230	0	230	228
MI Homes/Pulte	6	181	0	181	165
D.R. Horton/Lennar/MI Homes/Pulte	7	170	68	102	8
D.R. Horton	8	237	0	0	0
D.R. Horton/Lennar/MI Homes/Pulte	9	212	125	87	2
D.R. Horton	Valor Farms Phase 1	130	0	130	130
D.R. Horton	Valor Farms Phase 2	257	0	257	257
		2,742	437	2,068	1,836

*Information provided by the Developers as of February 1, 2025. The developer of Valor Farms Phases 1 and 2 is also the homebuilder.

The average market value of homes within the District as of February 1, 2025 was approximately $298,857 as reported by the Appraisal District. Prices of new homes being constructed within the District range from approximately $275,990 to $389,990.

COMMUNITY FACILITIES

The Verandah and Valor Farms communities feature private garages, close locations for dining, close proximity to Lake Ray Hubbard, a community pool (within the Verandah community), playgrounds, park pavilions, sidewalks, street lamps, landscaping, adjacent access to Interstate 30 for quick ingress/egress to Dallas/Fort Worth, common areas, open space, playgrounds, recreation complex, close to shopping, community clubhouse, hike and bike trails, soccer fields and a tot lot.

FUTURE DEVELOPMENT

In addition to the foregoing development, there are approximately 53 acres under development and 260 developable acres upon which development has not yet commenced. It is currently anticipated that such acreage will be developed into 1,317 residential lots; however, no representation is made as to when, if ever, such development will occur. In addition to the developable land, there is approximately 49 acres of land that is not developable, most of which is located within the floodplain and/or is an existing unplatted pond and approximately 13 acres of land that are part of the schools within the District boundaries.

Pursuant to a Development and Facilities Agreement (the "Development Agreement") between the City, the District, and One Verandah, as amended, the City agreed to provide wastewater services to the Verandah development in the quantities and capacities requested and as otherwise necessary to serve the ongoing development in the District. In May of 2021, City staff notified the Developers that the existing City infrastructure that transports the District's wastewater to the final treatment location lacked sufficient capacity to transport additional wastewater from the District. The City has initiated improvements to their sewer system, including additional lines and re-routing of the system, to address the wastewater transportation concerns. Concurrently, the City has approved preliminary plats for Phases 3E, 8 and 11.

At full buildout, the District is anticipated to contain approximately 3,665 lots. Approximately 260 acres of land, consisting of 1,080 lots, have not yet been preliminarily platted. City staff have confirmed that it is contractually obligated to provide the District at full buildout with capacity in and service from the City's wastewater system pursuant to the Development Agreement, as amended, and that City infrastructure has sufficient capacity to provide service to such 3,665 lots. The Developers and the City have analyzed the City's ability to transport District wastewater in sufficient capacity and have identified what wastewater infrastructure is necessary to facilitate such wastewater transportation. The most recent amendment to the Development Agreement provides for the construction of additional master wastewater facilities that will create additional transportation capacity within the City's wastewater system to continue to guarantee sufficient capacity to the District. The ability of the District to pay debt service on the Bonds, however, was evaluated based upon existing, not future, land values, including the 2024 Certified Net Taxable Assessed Valuation. See "SELECTED FINANCIAL INFORMATION (UNAUDITED)."

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MANAGEMENT

BOARD OF DIRECTORS

The District is governed by the Board of Directors (the "Board"), which has control over and management supervision of all affairs of the District. The Directors and officers of the District, together with their terms, are listed below:

Name	Position	Term Expiration
Jon Mitchell	President	May 2, 2026
Glenn Purcell	Vice President	May 6, 2028
Cynthia Berrones-Mood	Secretary	May 2, 2026
Matt Bomberger	Assistant Secretary	May 6, 2028
Glenn "Doug" Dickerson	Assistant Secretary	May 2, 2026

Each Director owns land subject to taxation in the District. Director elections are held only in even numbered years on the first Saturday in May.

The District has no full-time employees. The District contracts with the following entities for professional services.

TAX ASSESSOR/COLLECTOR . . . Land and improvements in the District are appraised for taxation by the Hunt County Appraisal District. The District contracts with Hunt County to act as Tax Assessor/Collector for the District.

SYSTEM OPERATOR . . . The District contracts with the City of Royse City, Texas for maintenance and operation of the District's utility system.

ENGINEER . . . Barraza Consulting Group, provides consulting engineering services to the District.

AUDITOR . . . The District engaged McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, to prepare the District's audited financial statements for the year ended September 30, 2023, attached hereto as Appendix A.

BOND COUNSEL . . . Winstead PC, Dallas, Texas, serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Winstead PC also represents the Paying Agent/Registrar and Financial Advisor in matters unrelated to the issuance of the Bonds.

GENERAL COUNSEL . . . Winstead PC, Dallas, Texas, serves as General Counsel to the District.

FINANCIAL ADVISOR . . . Hilltop Securities, Inc., Dallas, Texas, serves as Financial Advisor to the District. The fee to be paid to the Financial Advisor is contingent upon sale and delivery of the Bonds.

DISCLOSURE COUNSEL . . . McCall, Parkhurst & Horton L.L.P., Dallas, Texas, has been engaged by the District to serve as Disclosure Counsel for the District. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE DEVELOPERS

ROLE OF A DEVELOPER

In general, the activities of a landowner or developer in a special district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers, builders, or third parties. While a developer is required by the TCEQ to pave streets and in most cases to pay a portion of the underground water distribution, wastewater collection, and storm drainage facilities, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

THE DEVELOPERS

One Verandah, L.P., a Texas Limited Partnership, is the primary developer of land within the District ("One Verandah"). The general partner of One Verandah is Centamtar, LLC, a Texas limited liability corporation. Centamtar LLC has a single member which is CTMGT, LLC, a Texas limited liability corporation. CTMGT, LLC is managed in the Centurion American Development Group family, whose founder and president is Mehrdad Moayedi. Centurion American Development Group is in the business of acquiring and improving land for the development of residential housing communities.

CTMGT Verandah 138, LLC, also a subsidiary of CTMGT, LLC, owns approximately 246.068 acres held for future development of 964 lots.

CTMGT Verandah 5, LLC, a subsidiary of CTMGT, LLC, developed the 49.69 acres known as Phases 5B/C, which contain 230 lots. Phase 5B consists of 119-50 foot width lots and Phase 5C consists of 111-50 foot width lots. CTMGT Verandah 5 also developed 44.431 acres known as Phase 6, which contains 181 lots.

CTMGT Verandah 4, LLC, a subsidiary of CTMGT, LLC, developed 53.484 acres within the District known as Phase 4, which contains 252 lots.

MM Verandah 3E and 7, LLC developed 40.2 acres known as Phase 7, which contains 170 lots and owns approximately 24.70 acres held for future development of 116 lots.

Verandah Phase 9, LLC developed 59.609 acres known as Verandah Phase 9, which contains 212 lots.

Verandah Phase 3A, LLC, a subsidiary of CTMGT, LLC, developed 22.896 acres that are currently known as Phase 3A, which contains 99 lots.

D.R. Horton – Texas LTD ("DRH"), owns approximately 53.019 acres that are currently being developed as Phase 8, which contains 237 lots.

In addition, 206 McKinney, LLC an entity owned by DRH, and unrelated to One Verandah or any of its affiliates listed here, developed Phase 2C, consisting of 55 lots.

Approximately 92.447 acres owned by DRH were annexed into the District in February 2019 and is known as Valor Farms. 130 lots in Valor Farms Phase 1 have been completed, and there are 129 completed homes. 257 lots in Valor Farms Phase 2 have been completed, and there are 248 completed homes.

One Verandah and DRH are collectively referred to as "Developers."

The Founder and President of Centurion American Development Group is Mehrdad Moayedi. Mehrdad Moayedi has more than 35 years of experience in the development industry. Since forming JBM Development in 1986, Mr. Moayedi has completed several construction and fee development projects in Northeast Tarrant County subdivisions as well as various construction and remodeling projects. JBM Development, along with Centurion American Custom Homes, formed Centurion American Development Group in 1990. The company has diversified, with residential developments ranging from upscale high-rise residential towers to affordable housing communities for first-time home buyers.

The District cautions that the foregoing development experience was gained in different markets and under different circumstances than exist today, and the prior success of Centurion American Development Group is no indication or guarantee that One Verandah and its sister companies will be successful in the development of land within the District.

Approximately 92.447 acres owned by D.R. Horton – Texas LTD ("DRH") were annexed into the District in February 2019 and are known as Valor Farms. 130 lots in Valor Farms Phase 1 have been completed, and there are 129 completed homes. 257 lots in Valor Farms Phase 2 have been completed, and there are 248 completed homes. DRH is currently not developing additional land within the District but has constructed homes elsewhere within the District.

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

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District; description of their financing arrangements herein should not be construed as an implication to that effect. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time. Further, the Developers' financial condition is subject to change at any time.

One Verandah and DRH are collectively referred to as "Developers."

THE ROAD, WATER, WASTEWATER, AND DRAINAGE FACILITIES

REGULATION

According to the Engineer, the District's road improvements (collectively, the "Road Facilities") have been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such improvements, including primarily Hunt County and Royse City. The construction of the Road Facilities was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Construction and operation of the District's water, sanitary sewer, and storm drainage system (collectively, the "Utility System"), as it now exists or as it may be expanded from time to time, is subject to the regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage, if any, into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Royse City and Hunt County, and the Texas Department of Health also exercises regulatory jurisdiction over the Utility System. The regulations and requirements of entities exercising regulatory jurisdiction over the Utility System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the Engineer.

ROAD FACILITIES

Construction of the road facilities has been and is being financed by the Developers. The Developers are expected to be reimbursed by the District for qualified costs related to roadways as the development project progresses. As of February 1, 2025 approximately $1,550,000 in qualified roadway expenses had not been reimbursed to the Developers by the District. After the issuance of the Bonds, $0 will remain to be reimbursed to the Developers for existing road improvements. The Developers may advance funds in the future for road construction and the District may issue unlimited tax road bonds when future ad valorem property tax revenues allow for subsequent unlimited tax road bonds.

Roadways within the District are constructed of reinforced concrete with curbs on cement-stabilized subgrade. Roads vary in width but are sized to accommodate the anticipated traffic demands of full build-out of the development. Collector roadways vary in width from 36 feet to 44 feet. Remaining streets provide local interior service within the development and are usually 31 feet wide in a 50-foot right of way. Public (water, wastewater, drainage) and franchise (underground electric, natural gas, and communications) utilities are typically located within the road right of ways. To control erosion and provide an attractive environment to District residents, the medians and parkways of the arterial and collector roadways are landscaped and fully irrigated. Landscape features include retention of stands of native trees, use of native trees transplanted from within the development, and the addition of ornamental and shade trees, shrubs, ground covers, and grass.

WATER, WASTEWATER, AND DRAINAGE FACILITIES

Construction of the utility system has been and is being financed by the Developers. Qualified advances will be reimbursed to the Developers as the development progresses. As of February 1, 2025, the Developers had expended approximately $6,700,000 for utility improvements which had not been reimbursed. Future utility improvements are expected to be funded by the Developers and reimbursed by the District when future ad valorem property tax revenues allow for subsequent unlimited tax utility bonds.

The City receives both retail water and wastewater treatment services from the City pursuant to the Development Agreement. The Development Agreement is set to expire in 2039. See "THE DISTRICT—Future Development." Further, pursuant to the terms of the Development Agreement, the City now holds the water and wastewater certificates of convenience and necessity over the District, and as such it is obligated to continue to provide retail water and wastewater treatment services to lands within the District regardless of the status of the Development Agreement.

Source of Water Supply: The District's water supply is provided by the City of Royse City pursuant to the City's contract with the North Texas Municipal Water District.

Wastewater Collection and Treatment: The District's wastewater is treated by the North Texas Municipal Water District pursuant to the City's contract with North Texas Municipal Water District. The District is served by a wastewater collection and transportation system that is comprised of 8-inch to 21-inch PVC gravity sewers, two lift stations and one 6-inch PVC force main.

These facilities serve the various residential parcels and support facilities in the District and have sufficient capacity to serve some adjacent property outside of the District that would naturally drain toward those lines. See "THE DISTRICT – Future Development."

District Drainage Facilities: All drainage inlets, piping, and culverts are designed to collect and transport storm water runoff from the 100-year storm event. This provides a high degree of protection from flooding of real property and facilities within the District. Pipes and other structures are generally constructed of reinforced concrete materials. Where required, storm water detention facilities have been built to minimize the flooding potential of downstream offsite properties.

According to the District's Engineer, approximately 40 +/- undeveloped acres within the District are located within the 100-year floodplain and are not considered developable.

ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds and accrued interest due to the Developers. The costs below are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

CONSTRUCTION COSTS	
A. District Items	
1. Verandah Phase 3A - Paving	$ 890,435
2. Verandah Phases 8, 13 & 14 - Paving & Excavation	751,882
3. Engineering, Geotech and Other Soft Costs	351,384
Total District Items	**$ 1,993,701**
B. Developer Contribution Items	
1. Phase 3A - Right-of-way	$ 273,915
Total Developer Contribution Items	**$ 273,915**
Less: Use of Capital Project Funds	**$ (749,319)**
TOTAL CONSTRUCTION COSTS	**$ 1,518,297**
NON-CONSTRUCTION COSTS	
A. Legal and Fiscal Professional Fees	$ 96,000
B. Developer Interest	57,830
C. Bond Discount	53,935
D. Bond Issuance Expenses	72,138
F. Attorney General Fee	1,800
TOTAL NON-CONSTRUCTION COSTS	**$ 281,703**
TOTAL BOND ISSUE REQUIREMENT	**$ 1,800,000**

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

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DEBT AND FINANCIAL INFORMATION

FUTURE DEBT

Pursuant to agreements with the District, the Developers have financed the design and construction of roads and water, sanitary sewer and drainage facilities to serve the District. Approximately $8,250,000 road and utility reimbursement balances were outstanding as of February 1, 2025. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance improvements to support full development of the District under present development plans.

Any future unlimited tax utility bonds will be on a parity with the Bonds. Except for bonds issued by the District for road purposes, the District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The total amount of bonds issued by the District for road purposes, together with the District’s proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed value of real property of the District. The issuance of unlimited tax bonds for water and sewer purposes is generally subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Authority for Issuance” and — “Issuance of Additional Debt."

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SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Certified Net Taxable Assessed Valuation	$ 559,755,459	(1)
Outstanding Bonds (road and utility bonds combined)	$ 66,835,000	(2)
The Bonds	1,800,000	
Total Direct Debt	$ 68,635,000	
Estimated Overlapping Debt	$ 71,528,665	(3)
Total Direct Debt and Estimated Overlapping Debt	$ 140,163,665	
Ratio of Direct Debt to:		
2024 Certified Net Taxable Assessed Valuation	12.26%	
Ratio of Direct Debt and Estimated Overlapping Debt to:		
2024 Certified Net Taxable Assessed Valuation	25.04%	
Combined Average Annual Debt Service Requirement (2025-2050)	$ 4,164,870	
Combined Maximum Annual Debt Service Requirement (2026)	$ 4,624,615	
Tax Rate Required to Pay Combined Average Annual Debt Service (2025-2050) at a 98% Collection Rate		
Based upon the 2024 Certified Net Taxable Assessed Valuation	$ 0.7592	
Tax Rate Required to Pay Combined Maximum Annual Debt Service (2026) at a 98% Collection Rate		
Based upon the 2024 Certified Net Taxable Assessed Valuation	$ 0.8430	
General Fund Balance as of January 15, 2025	$ 1,583,199	
Capital Projects Fund Balance as of January 15, 2025	$ 1,229,956	
Road Debt Service Fund Balance as of January 15, 2025	$ 2,140,943	(4)
Utility Debt Service Fund Balance as of January 15, 2025	$ 1,442,721	(4)
2024 District Tax Rate (per $100 Assessed Valuation)(5)		
Road Debt Service	$ 0.4687	
Utility Debt Service	0.2782	
Maintenance and Operations	0.1031	
Total Tax Rate	$ 0.8500	
Status of Estimated Home Construction as of February 1, 2025(6)		
Single Family Homes Completed (including 5 model homes)	1,953	
Single Family Homes Under Construction	43	
Vacant Lots(7)	352	
Total	2,348	

(1) As certified by Hunt County Appraisal District. See "TAXING PROCEDURES."
(2) As provided by Hunt County Appraisal District for informational purposes only. No taxes will be levied on this amount.
(3) See "DEBT AND FINANCIAL INFORMATION - Estimated Overlapping Debt."
(4) Any funds in the utility bonds debt service fund are pledged only to pay the debt service on the Outstanding Utility Bonds and any additional utility bonds and are not pledged to pay debt service on the Bonds. Likewise, any funds in the road bonds debt service fund are pledged only to pay the debt service on the Bonds, the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the bond orders authorizing the issuance of the Bonds or the Outstanding Bonds require the District to maintain any minimum balance in the utility bonds debt service fund or the road bonds debt service fund. Accrued interest on the Bonds from the Dated Date to the Delivery Date will be deposited into the road bonds debt service fund.
(5) See "TAX DATA." The tax rate consists of a maintenance and operations tax rate of $0.1031, a debt service tax rate of $0.2782 to make debt service payments on the Outstanding Utility Bonds and any additional utility bonds issued in the future and a debt service tax rate of $0.4687 to make debt service payments on the Bonds, the Outstanding Road Bonds and any additional road bonds issued in the future.
(6) As reported by the Developers. See "THE DISTRICT - Status of Development."
(7) As reported by the Developers. See "INVESTMENT CONSIDERATIONS - Vacant Developed Lots."

INVESTMENTS OF THE DISTRICT

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and 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 owning, long term securities or derivative products in the District portfolio.

ESTIMATED OVERLAPPING DEBT

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which property in the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes ("Tax Debt") are based upon data obtained from individual jurisdictions or the "Texas Municipal Reports" compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional Tax Debt since the date listed and may have plans to incur significant amounts of additional Tax Debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance, and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance, and/or general revenue purposes is not included in these figures. The District has no control over the issuance of Tax Debt or tax levies of any such entities.

Taxing Jurisdiction	2024 Taxable Assessed Value(1)	2024 Total Tax Rate(1)	Total GO Debt as of 2/1/2025	Estimated % Applicable	District's Overlapping Debt as of 2/1/2025
The District	$ 559,755,459	$ 0.8500	$ 68,635,000 (2)	100.00%	$ 68,635,000
Hunt County	14,745,732,706	0.3233	9,665,000	3.80%	366,888
Hunt Memorial Hospital District	14,557,056,812	0.2004	31,575,000	3.85%	1,214,138
Royse City Independent School District	4,867,364,563	1.2575	608,231,064	11.50%	69,947,639
		$ 2.6312			$ 140,163,665

Ratio of Direct and Overlapping Debt to the District's 2024 Certified Net Taxable Assessed Valuation 25.04%

(1) Taxable Assessed Values and Tax Rates as reported by Hunt County Appraisal District; as well as the Rockwall Central Appraisal District and Collin Central Appraisal District for purposes of Royse City Independent School District.
(2) Includes the Bonds.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE GENERAL FUND

The Bonds and the Outstanding Bonds are payable from the levy of an annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The District does not operate a utility system. It is not anticipated that any significant operating revenues will be available for the payment of debt service on the Bonds. See "APPENDIX A – FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED SEPTEMBER 30, 2024."

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
REVENUES					
Property Taxes	$ 655,576	$ 438,912	$ 520,486	$ 388,263	$ 339,759
Penalty and Interest	20,271	9,015	6,304	3,207	3,046
Tap Connection Fees	126,000	125,300	106,400	162,900	-
Investment Revenues	70,662	46,492	6,195	1,010	7,067
Total Revenues	$ 872,509	$ 619,719	$ 639,385	$ 555,380	$ 349,872
EXPENDITURES					
Professional Fees	$ 187,719	$ 131,431	$ 113,884	$ 126,511	$ 131,067
Contracted Services	33,545	33,741	27,849	25,205	18,406
Utilities	30,356	28,798	27,546	24,590	23,984
Repairs and Maintenance	81,623	126,936	-	-	-
Other	223,553	144,970	123,428	125,628	117,785
Capital Outlay	-	-	27,740	-	-
Total Expenditures	$ 556,796	$ 465,876	$ 320,447	$ 301,934	$ 291,242
Excess (Deficiency) of Revenues over Expenditures	$ 315,713	$ 153,843	$ 318,938	$ 253,446	$ 58,630
Other Financing Sources (Uses)					
Transfers In (Out)	$ -	$ -	$ -	$ -	$ -
Net Change in Fund Balance	$ 315,713	$ 153,843	$ 318,938	$ 253,446	$ 58,630
Beginning Fund Balance (Deficit)	1,030,242	876,399	557,461	304,015	245,385
Ending Fund Balance (Deficit)	$ 1,345,955	$ 1,030,242	$ 876,399	$ 557,461	$ 304,015

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DEBT SERVICE REQUIREMENTS

Calendar Year Ending 31-Dec	Outstanding Debt Service			The Bonds[(1)]			Total Unlimited Tax Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S		
2025	$ 1,500,000	$ 2,974,418	$ 4,474,418	$ -	$ -	$ -	$ 4,474,418	
2026	1,695,000	2,674,775	4,369,775	-	254,840	254,840	4,624,615	
2027	1,790,000	2,519,595	4,309,595	45,000	174,415	219,415	4,529,010	
2028	1,875,000	2,366,657	4,241,657	45,000	129,865	174,865	4,416,522	
2029	1,945,000	2,235,544	4,180,544	45,000	89,365	134,365	4,314,909	13.03%
2030	2,020,000	2,157,001	4,177,001	50,000	53,365	103,365	4,280,366	
2031	2,095,000	2,083,301	4,178,301	50,000	51,365	101,365	4,279,666	
2032	2,170,000	2,008,201	4,178,201	50,000	49,365	99,365	4,277,566	
2033	2,245,000	1,932,901	4,177,901	55,000	47,365	102,365	4,280,266	
2034	2,325,000	1,854,104	4,179,104	60,000	45,165	105,165	4,284,269	29.23%
2035	2,405,000	1,772,216	4,177,216	65,000	42,765	107,765	4,284,981	
2036	2,495,000	1,683,014	4,178,014	65,000	40,165	105,165	4,283,179	
2037	2,590,000	1,590,126	4,180,126	65,000	37,565	102,565	4,282,691	
2038	2,685,000	1,493,079	4,178,079	75,000	34,965	109,965	4,288,044	
2039	2,785,000	1,391,987	4,176,987	85,000	31,965	116,965	4,293,952	48.63%
2040	2,885,000	1,293,331	4,178,331	85,000	28,353	113,353	4,291,684	
2041	2,990,000	1,190,737	4,180,737	85,000	24,740	109,740	4,290,477	
2042	3,095,000	1,084,094	4,179,094	90,000	21,128	111,128	4,290,221	
2043	3,210,000	973,063	4,183,063	95,000	17,303	112,303	4,295,365	
2044	3,330,000	859,170	4,189,170	90,000	13,028	103,028	4,292,198	71.87%
2045	3,455,000	740,413	4,195,413	95,000	8,978	103,978	4,299,390	
2046	3,585,000	612,668	4,197,668	100,000	4,703	104,703	4,302,370	
2047	3,730,000	474,766	4,204,766	100,000	203	100,203	4,304,969	
2048	3,885,000	322,003	4,207,003	100,000	153	100,153	4,307,155	
2049	4,050,000	163,191	4,213,191	100,000	103	100,103	4,313,294	99.85%
2050	-	-	-	105,000	53	105,053	105,053	100.00%
	$ 66,835,000	$ 38,450,355	$ 105,285,355	$ 1,800,000	$ 1,201,275	$ 3,001,275	$ 108,286,629	

(1) Net Effective Interest Rate calculated at 4.398844%.

Average Debt Service (2025-2050)………………………………...$4,164,870

Maximum Debt Service (2026)………………...$4,624,615

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TAX DATA

AUTHORIZED TAXES

Debt Service Tax . . . The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For 2024 the District adopted a combined debt service tax in the amount of $0.7469 per $100 of assessed valuation. See "Historical Tax Collections" below, "TAXING PROCEDURES," and "INVESTMENT CONSIDERATIONS–Factors Affecting Taxable Values and Tax Payments."

Maintenance Tax . . . The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. On September 13, 2003, voters in the District authorized the Board to levy such a maintenance tax at an unlimited rate and amount. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds and any additional debt service or contract tax for additional bonds which may be issued in the future. For 2024 the District adopted a maintenance tax in the amount of $0.1031 per $100 assessed valuation.

TAX EXEMPTIONS

The District has not granted any tax exemptions for property located within the District.

HISTORICAL TAX COLLECTIONS

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information.

Tax Year	Fiscal Year Ended	Taxable Assessed Valuation[1]	Total Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2020	2021	$ 141,274,301	$ 0.8500	$ 0.2750	$ 0.5750	$ 1,200,832	99.85%	99.94%
2021	2022	190,180,919	0.8500	0.2750	0.5750	1,611,139	99.81%	99.85%
2022	2023	310,464,385	0.8500	0.1420	0.7080	2,626,942	99.81%	99.91%
2023	2024	496,307,935	0.8500	0.1335	0.7165	4,192,128	99.59%	99.91%
2024	2025	559,755,459	0.8500	0.1031	0.7469	4,757,921	81.79% [2]	81.79% [2]

(1) As reported by the Hunt County Appraisal District.
(2) As of December 2024.

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SIGNIFICANT TAXPAYERS

The following table represents the significant taxpayers, the type of property, the taxable assessed value of such property and such property's appraised value as a percentage of the 2024 Certified Taxable Appraised Valuation of $559,755,459. See "INVESTMENT CONSIDERATIONS — Factors Affecting Taxable Values and Tax Payments – Dependence on Significant Taxpayers."

Name of Taxpayer	Nature of Property	2024 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
CTMGT Verandah 138 LLC (a)(b)	Real Estate/Development	$ 9,284,565	1.66%
Verandah Phase 9 LLC (a)(b)	Real Estate/Development	7,827,850	1.40%
MM Verandah 3E & 7 LLC (a)(b)	Real Estate/Development	6,447,660	1.15%
Lennar Homes of Texas Land & Construction Ltd	Real Estate/Development	3,016,520	0.54%
M/I Homes of DFW LLC	Real Estate/Development	1,794,575	0.32%
Reszi SFR Master Fund I LLC	Real Estate/Development	1,533,340	0.27%
SFR JV-2 2022-2 Borrower LLC	Real Estate/Development	1,432,090	0.26%
C J Lakeview Management LLC	Real Estate/Development	1,268,210	0.23%
D. R. Horton - Texas Ltd (b)	Real Estate/Development	1,196,949	0.21%
Hudson SFR Property Holdings II LLC	Real Estate/Development	1,131,910	0.20%

(a) Related parties.
(b) See "THE DEVELOPERS."
Note: As provided by Hunt County Appraisal District.

TAX ADEQUACY FOR DEBT SERVICE

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2024 Certified Net Taxable Assessed Valuation of $559,755,459 as provided by the Hunt County Appraisal District. The calculations contained in the following table merely represent the tax rates required to pay debt service on the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-eight percent (98%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "INVESTMENT CONSIDERATIONS–Factors Affecting Taxable Values and Tax Payments."

Annual Debt Service Requirement (2025)	$4,474,418
Average Annual Debt Service Requirement (2025-2050)	$4,164,870
Maximum Annual Debt Service Requirement (2026)	$4,624,615
Based upon the 2024 Certified Net Taxable Assessed Valuation	
Tax Rate Required to Pay Annual Debt Service Requirement (2025)	$ 0.8157
Tax Rate Required to Pay Average Annual Debt Service Requirement (2025-2050)	$ 0.7592
Tax Rate Required to Pay Maximum Annual Debt Service Requirement (2026)	$ 0.8430

TAXING PROCEDURES

AUTHORITY TO LEVY TAXES

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS–Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy, assess, and collect such a tax from year-to-year as described more fully herein under "THE BONDS–Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its System and contract taxes. See "TAX DATA – Authorized Taxes – "Debt Service Tax" and "Maintenance Tax".

PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT

The Texas Property Tax Code ("Property Tax Code") specifies the property 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 here.

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 Hunt County Appraisal District has the responsibility for appraising property for all taxing units within Hunt County, including the District. Such appraisal values are subject to review and change by the Hunt County Appraisal Review Board (the "Appraisal Review Board").

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, mobile homes, and certain categories of intangible personal property with a tax status in the District 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; and most individually owned automobiles. In addition, the District may by its own action exempt certain residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act and their qualifying surviving spouses to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such 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, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, 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.

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 governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by April 30, in any given year. The District has never granted a general residential homestead exemption.

Freeport and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 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 is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

Agricultural, Open Space, Timberland and Inventory Deferment

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

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

Tax Abatement

Hunt County has the ability to designate area within the District as a reinvestment zone. Thereafter, Hunt County, Hunt Memorial Hospital District, the City of Royse City (if it were to annex the District), 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 abatements 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 years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised 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 agreement. The terms of all tax abatement agreements must be substantially the same. The District has not entered into any tax abatement agreements and Hunt County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all 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.

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 reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District 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 formally to include such values on its appraisal roll.

DISTRICT AND TAXPAYER REMEDIES

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE

Chapter 49 of the Texas Water Code, 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's 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

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made 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. As of the date of this Official Statement, the District is classified as a Developing District.

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. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferred or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax Is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the District. The delinquent tax also accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The District has rejected such provisions and does not permit split payments nor provide discounts for early payments.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "DEBT AND FINANCIAL INFORMATION – Estimated Overlapping Debt"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

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 years for residential and agricultural use property and within six months for all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS — General", — "Tax Collection Limitations and Foreclosure Remedies", and – "Registered Owners' Remedies and Bankruptcy Limitations."

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents enforcement of liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

INVESTMENT CONSIDERATIONS

GENERAL

The Bonds are obligations of the District and not obligations of the State of Texas; Hunt County; the City of Royse City, or any other political entity other than the District. The Bonds will be secured by a continuing annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS

Economic Factors: The stability and/or growth of taxable values in the District is directly related to the vitality of the housing industry in the Dallas/Fort Worth Metropolitan area (the "Metroplex"). The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, employment levels, and general economic conditions. In recent years, the Metroplex has experienced strong economic growth positively affecting local residential development and construction industries. The area near Royse City is located approximately 34 miles from downtown Dallas and approximately 23 miles from the intersection of Interstate 30 and LBJ Freeway. If the overall Metroplex economy should decline, the demand for single family residential developments could decline as well. The District cannot predict what impact, if any, a downturn in the local and national housing and financial markets may have on the Metroplex area market and specifically, the District.

A substantial portion of the taxable values of the District is derived from the current market value of certain developed lots and undeveloped tracts. The market value of such lots and tracts is related to general economic conditions affecting the demand for single family, multi-family, commercial, retail, and office space. Demand for lots and tracts of this type and the construction of single family, multi-family residential dwellings, and/or commercial projects thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of such lots and tracts is directed. Decreased levels of construction activity or reduced resale value of such lots and tracts would tend to restrict the growth of property values in the District or could adversely impact such values.

Future development and construction in the District is highly dependent on the availability of financing. Many lenders have become more selective in making real estate loans in the Metroplex. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds to developers, potential builders, and home purchasers.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 34 miles from downtown Dallas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Metroplex regional economy and national credit and financial markets.

Competition**:** The demand for and construction of single-family homes in the District, which is approximately 34 miles from downtown Dallas, could be affected by competition from other residential developments, including other residential developments located in the north and east portion of the Metroplex area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

Developers/Landowners Obligations to the District**:** There are no commitments from or obligations of the Developers (herein defined) or any other landowners to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots or develop tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds continued development of taxable property within the District will increase or maintain its taxable value.

Dependence on Significant Taxpayers: Based on the 2024 tax rolls, the Developers, related parties, and homebuilders were responsible for approximately 4.42% of the District's 2024 ad valorem property taxes. The Developers are expected to own a smaller portion of the District's taxable assessed value in future years. The ability of any significant taxpayer, such as the Developers, 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. If, for any reason, one or more significant taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Road Debt Service Fund (defined herein) or any other funds to allow for any such delinquencies. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. Therefore, failure by one or more significant taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See "APPENDIX A –FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED SEPTEMBER 30, 2024."

Impact on District Debt Service Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. After issuance of the Bonds, the average annual debt service requirement is $4,624,615 (2025 through 2050) and the maximum annual debt service requirement is $4,624,615 (2026). The 2024 certified net taxable assessed valuation of the District is $559,755,459. Assuming no increase or decrease from the 2024 certified net taxable assessed valuation and no use of funds other than tax collections, a tax rate of $0.7603 per $100 assessed valuation at a 98% collection rate would be necessary to pay the average annual debt service requirement and a tax rate of $0.8180 per $100 assessed valuation at a 98% collection rate would be necessary to pay the maximum annual debt service requirement. See "DEBT AND FINANCIAL INFORMATION –Estimated Debt Service Requirements and – Tax Adequacy for Debt Service". Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2024 certified taxable assessed valuation the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event significant taxpayers do not timely pay their District taxes. Any increase in taxable values depends on the continuing construction and sale of homes and other taxable improvements within the District. See "TAXING PROCEDURES" and "TAX DATA – Tax Adequacy for Debt Service."

Vacant Developed Lots: As of January 15, 2025 approximately 352 developed lots within the District remained available for construction. Failure of the Developer(s) 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.

FUTURE DEBT

Following issuance of the Bonds, the District will have $27,360,000 in Road Bonds and $36,285,000 in Utility Bonds authorized but unissued. Voters in the District have also authorized $107,240,000 in bonds for the purpose of refunding Road Bonds (the "Road Refunding Bonds") and $96,840,000 in bonds for the purpose of refunding Utility Bonds (the "Utility Refunding Bonds") authorized but unissued. To date, the Developers have advanced certain funds for construction of utilities and roads for which they have not been reimbursed and certain advances will not be reimbursed with proceeds of the Bonds. After issuance of the Bonds, approximately $6,700,000 will remain outstanding and due to the Developers. The Developers may expend further funds for construction of infrastructure to serve the property within the District. The District intends to issue additional bonds in order to reimburse the Developers and any subsequent developers and to develop the remainder of undeveloped but developable land (approximately 271 developable acres) within the District without notice to or consent of the holders of the Bonds. See "THE BONDS--Issuance of Additional Debt" and "THE ROAD, WATER, WASTEWATER, AND DRAINAGE FACILITIES." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality ("TCEQ"), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

TAX COLLECTION LIMITATIONS AND FORECLOSURE REMEDIES

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other 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 enforcement of liens for post-petition taxes against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

REGISTERED OWNERS' REMEDIES AND BANKRUPTCY LIMITATIONS

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (hereinafter defined) have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. There is no provision for acceleration of maturity on the principal of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if 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 property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. See "THE BONDS – Remedies in Event of Default."

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a conservation and reclamation district such as the District to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

The District may not be placed into bankruptcy involuntarily.

CONTINUING COMPLIANCE WITH CERTAIN COVENANTS

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Order 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.

MARKETABILITY

The District has no agreement with 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 of the Bonds may be greater than the difference between the bid and asked price in the secondary market of bonds of comparable maturity and quality issued by more traditional issuers.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decision, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted in the form introduced or in some other form cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

2025 LEGISLATIVE SESSION

The 89th Regular Legislative Session convened on January 14, 2025 and will conclude on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

LEGAL MATTERS

LEGAL PROCEEDINGS

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General 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 a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect and addressing the matters described below under "TAX MATTERS".

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

Winstead PC, Dallas, Texas, serves as Bond Counsel and General Counsel to the District. The legal fees paid to Bond Counsel and 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. Certain legal matters will be passed upon for the District by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO-LITIGATION CERTIFICATE

The District will furnish the Initial Purchaser a certificate, executed by authorized officers of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or threatened, either in state or federal courts, contesting or attacking the Bonds, restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest on or the principal of the Bonds, in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds, or affecting the validity of the Bonds or the title of the present officers of the District.

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and 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 the sale.

TAX MATTERS

Opinion

Winstead PC, Dallas, Texas, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See APPENDIX B – Form of Bond Counsel's Opinion.

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% 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 a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury, and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by section 884 of the Code.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. PROSPECTIVE INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, owners of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of tax exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the owner at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio of the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

PREPARATION OF OFFICIAL STATEMENT

SOURCES AND COMPILATION OF INFORMATION

The financial data and other information contained in this Official Statement have been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering, and other related information set forth in this Official Statement are included herein 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.

FINANCIAL ADVISOR

Hilltop Securities Inc., has been engaged as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement. In its capacity as Financial Advisor, Hilltop Securities Inc. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities 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.

Consultants

In approving this Official Statement the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and significant taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Hunt County Tax Assessor-Collector and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the facilities and, in particular that information included in the sections entitled "THE DISTRICT," and "THE ROAD, WATER, WASTEWATER, AND DRAINAGE FACILITIES" has been provided by Barraza Consulting Group, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's audited financial statements for the year ended September 30, 2024, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 2024 financial statements.

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

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement, and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants, and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") pursuant to its Electronic Municipal Market Access System ("EMMA"). This information will be available to securities brokers and others through the MSRB at www.emma.msrb.org.

Annual Reports

The information to be updated with respect to the District and such other persons includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DEBT AND FINANCIAL INFORMATION" (except for "Estimated Overlapping Debt"), "TAX DATA," and in Appendix A (the Audit). The District will update and provide this information within six months after the end of each of its fiscal years.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"). The updated information will include audited financial statements for the District, if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year ends on September 30. Therefore, the District must provide updated information by March 31 in each year thereafter, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS

The District will file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than ten (10) business days after the occurrence of the event:

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 the rights of holders 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 other similar event of the District;
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 the trustee, if material;
15. Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in item 12 above is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District; (ii) such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority; or (iii) the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term "material" as used above has the meaning ascribed to it under federal securities laws.

The term "financial obligation" as used above means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The District intends to use the words used in items 15 and 16 and the definition of "financial obligation" in this Section to have the same meanings as when they are used in the Rule, as evidenced, for example, by SEC Release No. 24-83885, dated August 20, 2018.

Notice of Failure to Timely File . . . The District also will notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the provisions described above.

AVAILABILITY OF INFORMATION

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The District has agreed to update information and to provide notices of certain 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 the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement in the Bond Order to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, or business of the Developers, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of the 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 have prevented any underwriters 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 reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

During the last five years, the District has been in compliance in all material aspects with its previous continuing disclosure undertakings.

MISCELLANEOUS

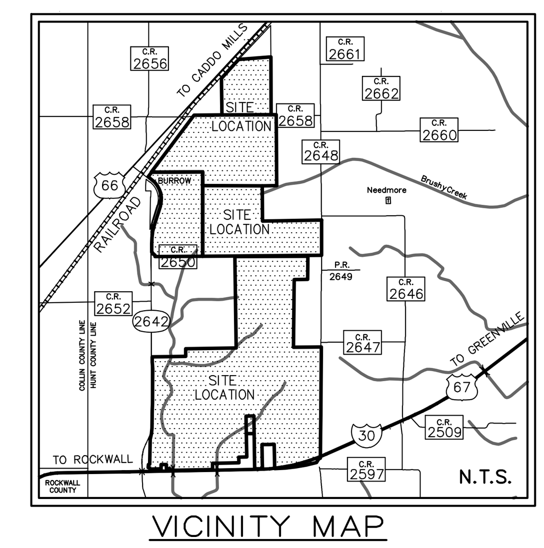
All estimates, statements, and assumptions in this Official Statement and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

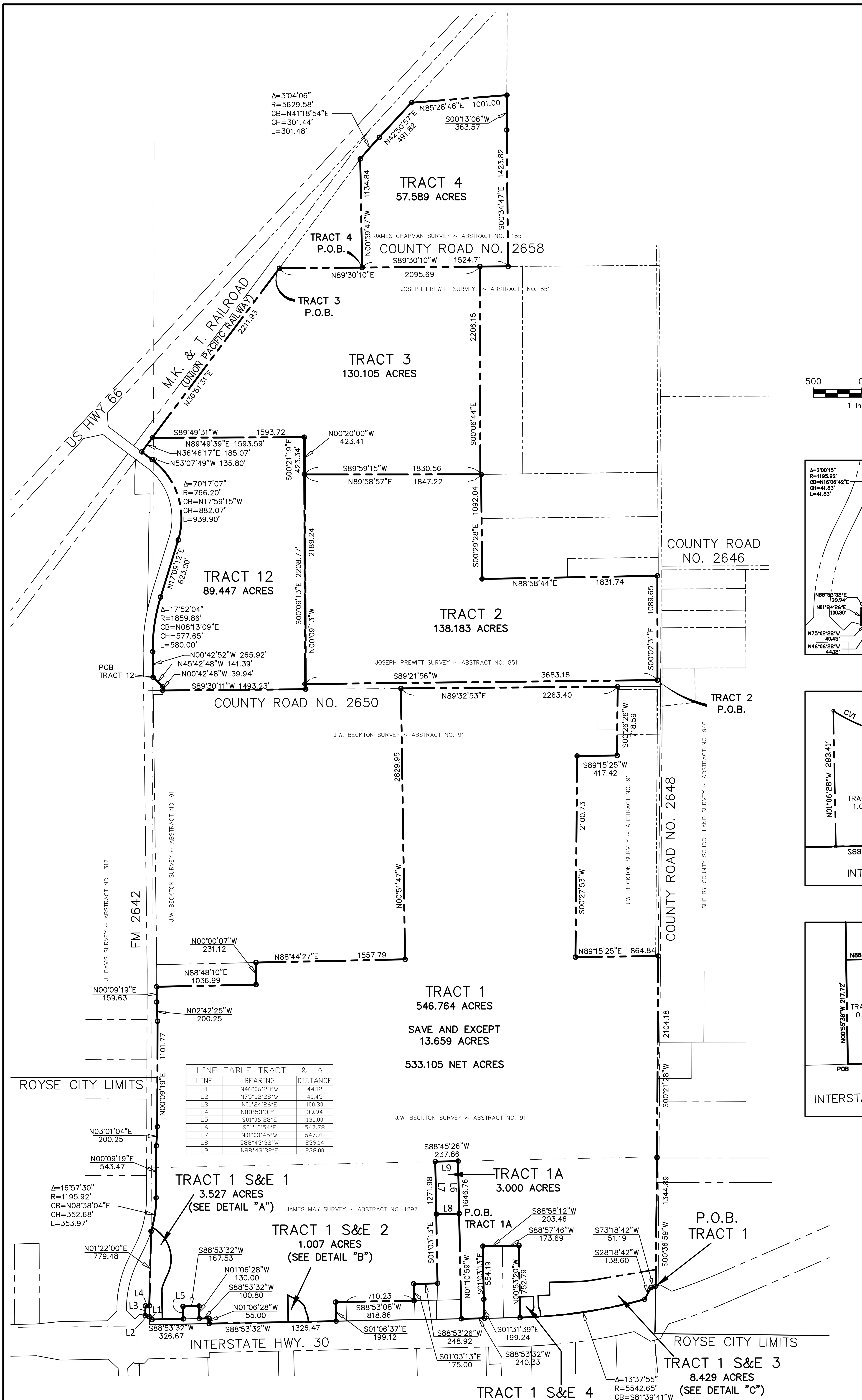
/s/ Jon Mitchell
President, Board of Directors
Verandah Municipal Utility District of Hunt County

ATTEST:

/s/ Cynthia Berrones-Mood
Secretary, Board of Directors
Verandah Municipal Utility District of Hunt County

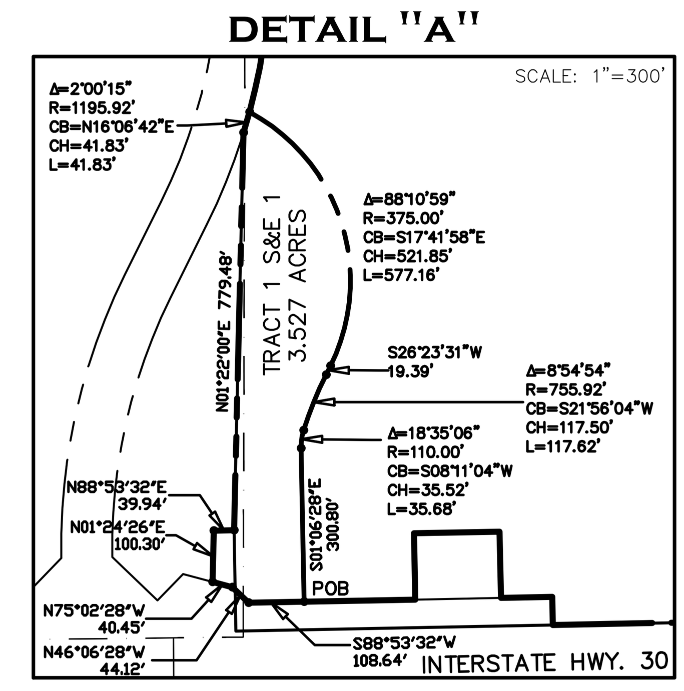
LOCATION MAP



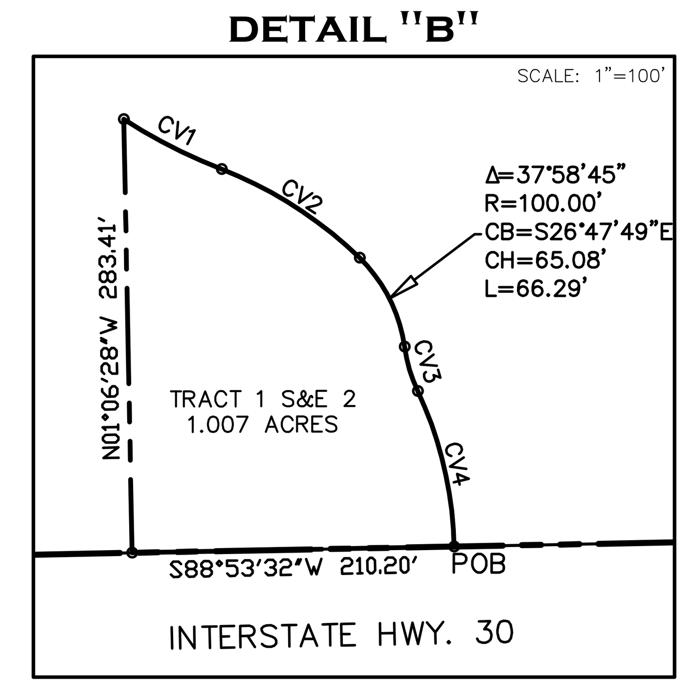


LINE TABLE TRACT 1 & 1A		
LINE	BEARING	DISTANCE
L1	N46°06'28"W	44.12
L2	N75°02'28"W	40.45
L3	N01°24'26"E	100.30
L4	N88°53'32"E	39.94
L5	S01°06'28"E	130.00
L6	S01°10'54"E	547.78
L7	N01°03'45"W	547.78
L8	S88°43'32"W	239.14
L9	N88°43'32"E	238.00

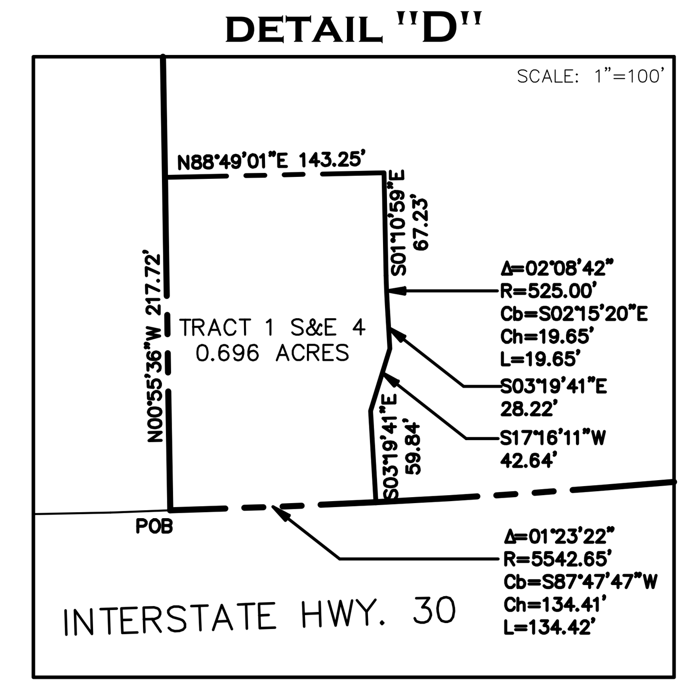
DETAIL "A"



DETAIL "B"



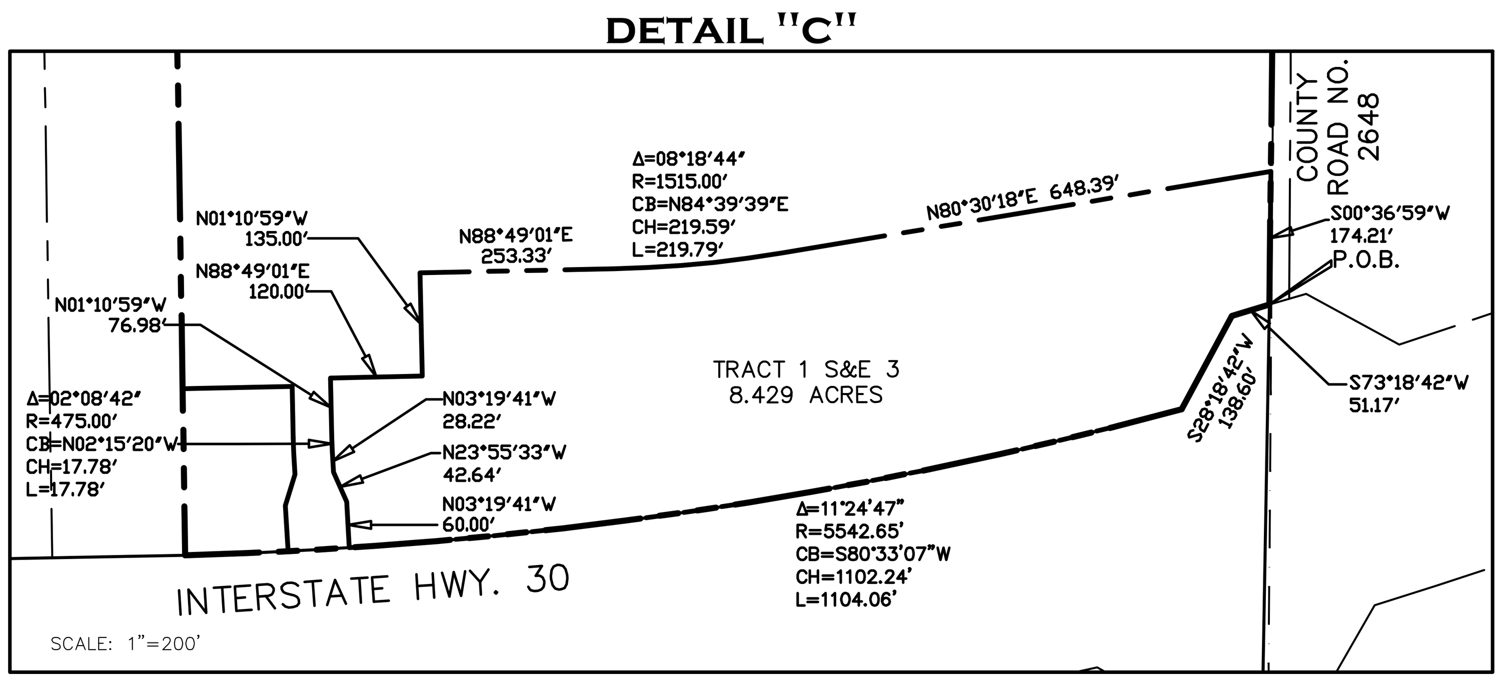
DETAIL "D"



TRACT 1 S&E 2
CURVE DATA

CV1 Δ=11°26'05" R=360.00' CB=S62°57'23"E CH=71.73' L=71.85'	CV2 Δ=22°53'15" R=270.00' CB=S57°13'49"E CH=107.14' L=107.85'
CV3 Δ=17°23'29" R=100.00' CB=S16°30'11"E CH=30.24' L=30.35'	CV4 Δ=24°05'26" R=250.00' CB=S13°09'12"E CH=104.34' L=105.11'

DETAIL "C"



NOTE: THIS DOCUMENT WAS PREPARED UNDER 22 TAC §663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

EXHIBIT "A"
PROPERTY EXHIBIT
951.429 ACRES (TOTAL)
VERANDAH OVERALL DEVELOPMENT
ROYSE CITY, HUNT COUNTY, TEXAS

DATE: UPDATED AUGUST 2018

F:\2011\1100900\EXHIBIT\District Exhibits\DWG\1100-00 DISTRICT EXHIBIT AUG2018.dwg

APPENDIX A

Financial Statement of the District for the Year Ended September 30, 2024

VERANDAH MUNICIPAL UTILITY DISTRICT

OF HUNT COUNTY

HUNT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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

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
Verandah Municipal Utility
District of Hunt County
Hunt County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Verandah Municipal Utility District of Hunt County (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, 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.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, resulting in restatement of the District's government-wide financial statements as of and for the fiscal year ended September 30, 2023. Our opinions are not modified with respect to this matter

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

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.

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 15, 2025

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's discussion and analysis of Verandah Municipal Utility District of Hunt County's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). 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 and deferred outflows of resources by $13,608,690 as of September 30, 2024.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater, and drainage facilities, streets and bridges, less any debt used to acquire those assets that is still outstanding).

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	(Restated) 2023	Change Positive (Negative)
Current and Other Assets	$ 4,870,701	$ 5,769,591	$ (898,890)
Capital Assets (Net of Accumulated Depreciation)	60,244,196	49,705,335	10,538,861
Total Assets	$ 65,114,897	$ 55,474,926	$ 9,639,971
Deferred Outflows of Resources	$ 149,366	$ 164,449	$ (15,083)
Long-Term Liabilities	$ 65,309,087	$ 47,466,848	$ (17,842,239)
Due to Developers	11,775,640	17,735,349	5,959,709
Other Liabilities	1,788,226	1,264,043	(524,183)
Total Liabilities	$ 78,872,953	$ 66,466,240	$ (12,406,713)
Net Position:			
Net Investment in Capital Assets	$ (16,300,354)	$ (12,609,921)	$ (3,690,433)
Restricted	1,532,377	940,131	592,246
Unrestricted	1,159,287	842,932	316,355
Total Net Position	$ (13,608,690)	$ (10,826,858)	$ (2,781,832)

The following table provides a comparative analysis of the District's operations for the years ended September 30, 2024, and September 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	(Restated) 2023	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,181,641	$ 2,626,755	$ 1,554,886
Permit Fees	126,000	125,300	700
Other Revenues	322,186	206,790	115,396
Total Revenues	$ 4,629,827	$ 2,958,845	$ 1,670,982
Expenses for Services	7,411,659	5,104,387	(2,307,272)
Change in Net Position	$ (2,781,832)	$ (2,145,542)	$ (636,290)
Net Position, Beginning of Year	(10,826,858)	(8,681,316)	(2,145,542)
Net Position, End of Year	$ (13,608,690)	$ (10,826,858)	$ (2,781,832)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of the fiscal year ended September 30, 2024, were $4,744,607, a decrease of $975,967 from the prior year.

The General Fund fund balance increased by $315,533, primarily due to property tax revenues and permit fees exceeding operating expenditures.

The Debt Service Fund fund balance increased by $570,174, primarily due to property tax revenues exceeding debt service requirements.

The Capital Projects Fund fund balance decreased by $1,861,674, primarily due to capital outlays and bond issuance costs exceeding bond proceeds received during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues exceeded budgeted revenues by $95,415 and actual expenditures were more than budgeted expenditures by $99,667, which resulted in a negative variance of $4,252.

CAPITAL ASSETS

The District operates as an alter-ego of the City of Royse City, Texas (the "City"). In this arrangement, the facilities constructed or acquired by the District are conveyed to the City. The City maintains and operates the facilities for the benefit of the residents of the District.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2024	(Restated) 2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 3,058,394	$ 3,058,394	$ -0-
Capital Assets, Net of Accumulated Depreciation:			
Streets and Bridges	26,801,381	24,120,542	2,680,839
Water System	8,912,970	6,647,774	2,265,196
Wastewater System	10,635,895	7,608,324	3,027,571
Drainage System	10,835,556	8,270,301	2,565,255
Total Net Capital Assets	$ 60,244,196	$ 49,705,335	$ 10,538,861

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of $66,835,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	$	48,405,000
Add: Bond Sales		19,460,000
Less: Bond Principal Paid		1,030,000
Bond Debt Payable, September 30, 2024	$	66,835,000

The District's Series 2018 Utility Bonds, 2022 Tax Road Bonds, Series 2019 Road Bonds, Series 2020 Utility Bonds and Series 2021 Utility Road Bonds, Series 2023 Utility Bonds, 2023 Tax Road Bonds, Series 2023A Unlimited Tax Road Bonds, Series 2024 Tax Road Bonds and Series 2024 Tax Utility Bonds have an underlying rating of "Baa1" by Moody's Investor Services. The Series 2018 Utility Bonds, 2022 Tax Road Bonds, 2023 Utility Bonds and 2023 Tax Road Bonds carry an insured rating of "AA" by S&P based on a policy issued by Build America Mutual Assurance Company. The Series 2019 Road Bonds, Series 2020 Utility Bonds and Series 2021 Utility Road Bonds¸ Series 2023A Unlimited Tax Road Bonds, Series 2024 Tax Road Bonds and Series 2024 Tax Utility Bonds carry an insured rating of "AA" by S&P based on a policy issued by Assured Guaranty Municipal Corp.

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 Verandah Municipal Utility District of Hunt County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 6,089	$ 367
Investments	1,309,106	1,805,316
Receivables:		
Property Taxes	2,218	11,241
Due from Other Funds	56,483	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 1,373,896	$ 1,816,924
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,373,896	$ 1,816,924
LIABILITIES		
Accounts Payable	$ 25,903	$ 1,000
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		22,224
Accrued Bond Interest Received at Time of Sale		85,732
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 25,903	$ 108,956
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 2,218	$ 11,241
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		1,696,727
Unassigned	1,345,775	
TOTAL FUND BALANCES	$ 1,345,775	$ 1,696,727
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,373,896	$ 1,816,924
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 735	$ 7,191	$	$ 7,191
1,735,629	4,850,051		4,850,051
	13,459		13,459
	56,483	(56,483)	
		3,058,394	3,058,394
		57,185,802	57,185,802
$ 1,736,364	$ 4,927,184	$ 60,187,713	$ 65,114,897
$ - 0 -	$ - 0 -	$ 149,366	$ 149,366
$ 1,736,364	$ 4,927,184	$ 60,337,079	$ 65,264,263
$	$ 26,903	$	$ 26,903
		261,323	261,323
		11,775,640	11,775,640
34,259	56,483	(56,483)	
	85,732	(85,732)	
		1,500,000	1,500,000
		65,309,087	65,309,087
$ 34,259	$ 169,118	$ 78,703,835	$ 78,872,953
$ - 0 -	$ 13,459	$ (13,459)	$ - 0 -
$ 1,702,105	$ 1,702,105	$ (1,702,105)	$
	1,696,727	(1,696,727)	
	1,345,775	(1,345,775)	
$ 1,702,105	$ 4,744,607	$ (4,744,607)	$ - 0 -
$ 1,736,364	$ 4,927,184		
		$ (16,300,354)	$ (16,300,354)
		1,532,377	1,532,377
		1,159,287	1,159,287
		$ (13,608,690)	$ (13,608,690)

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

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds		$ 4,744,607
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The difference between the net carrying amount of the refunded bonds and the reaquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		149,366
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		60,244,196
Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.		13,459
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developers	$ (11,775,640)	
Accrued Interest Payable	(175,591)	
Bonds Payable	(66,809,087)	(78,760,318)
Total Net Position - Governmental Activities		$ (13,608,690)

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

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 655,576	$ 3,519,414
Penalty and Interest	20,271	
Permit Fees	126,000	
Miscellaneous and Investment Revenues	70,662	134,385
TOTAL REVENUES	$ 872,509	$ 3,653,799
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 187,719	$
Contracted Services	33,545	62,009
Utilities	30,536	
Repairs and Maintenance	81,623	
Depreciation		
Other	223,553	3,000
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,030,000
Bond Interest		1,988,616
TOTAL EXPENDITURES/EXPENSES	$ 556,976	$ 3,083,625
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 315,533	$ 570,174
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Bonds	$	$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 315,533	$ 570,174
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2023, AS PREVIOUSLY REPORTED	1,030,242	1,126,553
ADOPTION OF GASB NO. 94		
OCTOEBER 1, 2023, RESTATED	$ 1,030,242	1,126,553
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	$ 1,345,775	$ 1,696,727

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 4,174,990	$ 6,651	$ 4,181,641
	20,271		20,271
	126,000		126,000
96,868	301,915		301,915
$ 96,868	$ 4,623,176	$ 6,651	$ 4,629,827
$	$ 187,719	$	$ 187,719
	95,554		95,554
	30,536		30,536
	81,623		81,623
		1,534,050	1,534,050
	226,553		226,553
18,032,619	18,032,619	(18,032,619)	
1,541,505	1,541,505		1,541,505
1,733,608	1,733,608		1,733,608
	1,030,000	(1,030,000)	
	1,988,616	(8,105)	1,980,511
$ 21,307,732	$ 24,948,333	$ (17,536,674)	$ 7,411,659
$ (21,210,864)	$ (20,325,157)	$ 20,325,157	$ - 0 -
$ 19,460,000	$ 19,460,000	$ (19,460,000)	$
(935,366)	(935,366)	935,366	
824,556	824,556	(824,556)	
$ 19,349,190	$ 19,349,190	$ (19,349,190)	$ - 0 -
$ (1,861,674)	$ (975,967)	$ 975,967	$
		(2,781,832)	(2,781,832)
3,563,779	5,720,574	(17,893,758)	(12,173,184)
		1,346,326	1,346,326
3,563,779	5,720,574	(16,547,432)	(10,826,858)
$ 1,702,105	$ 4,744,607	$ (18,353,297)	$ (13,608,690)

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

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balances - Governmental Funds	$ (975,967)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	6,651
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,534,050)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	18,032,619
Governmental funds report bond discounts and bond premiums as other financing uses and sources in the year paid. However, in government-wide financial statements, the bond discounts and premiums are amortized over the life of the bonds and the current year amortized portion is added or subtracted to interest expense.	110,810
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	1,030,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end.	8,105
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the government-wide financial statements.	(19,460,000)
Change in Net Position - Governmental Activities	$ (2,781,832)

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

NOTE 1. CREATION OF DISTRICT

Verandah Municipal Utility District of Hunt County, Texas (the "District") was created by Hunt County Commissioners Court Order, effective April 28, 2003, as a fresh water supply district in accordance with the Texas Water Code, Chapter 53. Pursuant to H. B. No. 1141 passed by the 79th Texas Legislative and effective June 17, 2005, the District was converted to a municipal utility district with road powers. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the "Commission"). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, road and drainage facilities and to provide such facilities and services to the customers of the District. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2024, the Debt Service Fund owed the General Fund $22,224 for maintenance tax collections. The Capital Projects Fund owed the General Fund $34,259 for bond issuance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The District operates as an alter-ego of the City of Royse City, Texas (the 'City"). In this arrangement, the facilities constructed or acquired by the District are conveyed to the City. The City maintains and operates the facilities for the benefit of the residents of the District. The District records the capital assets and depreciates them using no salvage value and estimated useful lives of 40-45 years until they are conveyed to the City.

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 budget amounts, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2013	Series 2015
Amount Outstanding – September 30, 2024	$ 2,470,000	$ 1,145,000
Interest Rates	4.20% - 5.05%	3.20% - 4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2038	September 1, 2025/2040
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2023*	September 1, 2025*

	Refunding Series 2017	Series 2018
Amount Outstanding – September 30, 2024	$ 2,035,000	$ 2,825,000
Interest Rates	2.75% - 3.625%	3.125% - 4.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2034	September 1, 2025/2040
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2027*	September 1, 2028*

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2013 term bonds due September 1, 2023, September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2032 and September 1, 2038 are subjected to mandatory redemption beginning September 1, 2022, September 1, 2024, September 1, 2026, September 1, 2028, September 1, 2030 and September 1, 2033, respectively. Series 2015 term bonds due September 1, 2030, September 1, 2033, September 1, 2037 and September 1, 2040 are subjected to mandatory redemption beginning September 1, 2029, September 1, 2031, September 1, 2034 and September 1, 2038, respectively. Series 2017 Refunding term bonds due September 1, 2032 and September 1, 2034 are subjected to mandatory redemption beginning September 1, 2031 and September 1, 2033, respectively. Series 2018 term bonds due September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038 and September 1, 2040 are subjected to mandatory redemption beginning September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2039, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2019	Series 2020
Amount Outstanding – September 30, 2024	$ 2,805,000	$ 4,305,000
Interest Rates	2.00% - 3.00%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2044	September 1, 2025/2045
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2029*	September 1, 2026*

	Series 2021	Series 2022
Amount Outstanding – September 30, 2024	$ 5,445,000	$ 12,975,000
Interest Rates	2.00% - 2.25%	4.00% - 7.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2046	September 1, 2025/2047
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2027*	September 1, 2027*

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2019 term bonds due September 1, 2040, September 1, 2042, and September 1, 2044 are subjected to mandatory redemption beginning September 1, 2039, September 1, 2041, and September 1, 2043, respectively. Series 2020 term bonds due September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, September 1, 2041 and September 1, 2045 are subjected to mandatory redemption beginning September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039, September 1, 2042 and September 1, 2046, respectively. Series 2021 term bonds due September 1, 2046 are subjected to mandatory redemption beginning September 1, 2042, respectively. Series 2022 term bonds due September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2044 and September 1, 2046 are subjected to mandatory redemption beginning September 1, 2036, September 1, 2038, September 1, 2040, September 1, 2042, and September 1, 2045, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2023	Series 2023 Road
Amount Outstanding – September 30, 2024	$ 6,715,000	$ 6,655,000
Interest Rates	4.00% - 6.00%	4.00% - 7.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2048	September 1, 2025/2048
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2028*	September 1, 2028*

	Series 2023A Road	Series 2024 Utility
Amount Outstanding – September 30, 2024	$ 3,570,000	$ 13,440,000
Interest Rates	4.00% - 25.00%	4.00% - 6.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2026/2048	September 1, 2025/2048
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2029*	September 1, 2030*

* Series 2023 term bonds due September 1, 2044, September 1, 2046, and September 1, 2048 are subjected to mandatory redemption beginning September 1, 2043, September 1, 2045 and September 1, 2047, respectively. Series 2023 Road term bonds due September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2043, September 1, 2045 and September 1, 2048 are subjected to mandatory redemption beginning September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2042, September 1, 2044 and September 1, 2046, respectively. Series 2024 Utility term bonds due September 1, 2034, September 1, 2038, and September 1, 2040 are subjected to mandatory redemption beginning September 1, 2033, September 1, 2037, and September 1, 2039, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2024 Road
Amount Outstanding – September 30, 2024	$ 2,450,000
Interest Rates	2.00% - 99.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2049
Interest Payment Dates	March 1, September 1
Callable Dates	September 1, 2029*

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2024 Road term bonds due September 1, 2049 are subjected to mandatory redemption beginning September 1, 2043.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	$ 48,405,000	$ 19,460,000	$ 1,030,000	$ 66,835,000
Unamortized Discounts	(181,632)	(935,366)	(15,335)	(1,101,663)
Unamortized Premiums	273,480	824,556	22,286	1,075,750
Bonds Payable, Net	$ 48,496,848	$ 19,349,190	$ 1,036,951	$ 66,809,087

Amount Due Within One Year	$ 1,500,000
Amount Due After One Year	65,309,087
Bonds Payable, Net	$ 66,809,087

As of September 30, 2024, the District had authorized but unissued bonds in the amount of $36,285,000 for utility facilities, $96,840,000 for refunding utility bonds, $29,165,000 for road facilities and $107,240,000 for road facilities refunding bonds.

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	1,500,000	2,974,419	4,474,419
2026	1,695,000	2,674,778	4,369,778
2027	1,790,000	2,519,596	4,309,596
2028	1,875,000	2,366,661	4,241,661
2029	1,945,000	2,235,544	4,180,544
2030-2034	10,855,000	10,035,114	20,890,114
2035-2039	12,960,000	7,930,425	20,890,425
2040-2044	15,510,000	5,400,401	20,910,401
2045-2049	18,705,000	2,313,018	21,018,018
	$ 66,835,000	$ 38,449,956	$ 105,284,956

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

During the year ended September 30, 2024, The District levied an ad valorem debt service tax rate of $0.7165 per $100 of assessed valuation, which resulted in a tax levy of $3,533,718 on the adjusted taxable valuation of $496,307,935 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board through its Electric Municipal Market Access ("EMMA") system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the each 5th year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was $7,191 and the bank balance was $8,362. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2024, as listed below:

	Cash
GENERAL FUND	$ 6,089
DEBT SERVICE FUND	367
CAPITAL PROJECTS FUND	735
TOTAL DEPOSITS	$ 7,191

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

As of September 30, 2024, the District had the following investments and maturities:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
LOGIC	$ 1,309,106	$ 1,309,106	$	$	$
DEBT SERVICE FUND					
LOGIC	1,805,316	1,805,316			
CAPITAL PROJECTS FUND					
LOGIC	1,735,629	1,735,629			
TOTAL INVESTMENTS	$ 4,850,051	$ 4,850,051	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2024, the District's investment in LOGIC was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances secured in accordance with Texas statues.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately 1-year or less.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024:

	October 1, 2023	Increases	Decreases	September 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 3,058,394	$ - 0 -	$ - 0 -	$ 3,058,394
Capital Assets Subject to Depreciation				
Streets and Bridges	$ 26,841,734	$ 3,379,098	$	$ 30,220,832
Water System	7,991,192	2,508,090		10,499,282
Wastewater System	8,954,172	3,318,850		12,273,022
Drainage System	9,375,839	2,866,873		12,242,712
Total Capital Assets Subject to Depreciation	$ 53,162,937	$ 12,072,911	$ - 0 -	$ 65,235,848
Less Accumulated Depreciation				
Streets and Bridges	$ 2,721,192	$ 698,259	$	$ 3,419,451
Water System	1,343,418	242,894		1,586,312
Wastewater System	1,345,848	291,279		1,637,127
Drainage System	1,105,538	301,618		1,407,156
Total Accumulated Depreciation	$ 6,515,996	$ 1,534,050	$ - 0 -	$ 8,050,046
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 46,646,941	$ 10,538,861	$ - 0 -	$ 57,185,802
Total Capital Assets, Net of Accumulated Depreciation	$ 49,705,335	$ 10,538,861	$ - 0 -	$ 60,244,196

The District has financed the above facilities which will be conveyed to the City of Royse City, Texas. The District adopted Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, in the current fiscal year which resulted in a restatement of the District's capital asset balances as of September 30, 2023 in the amount of $1,346,319.

NOTE 7. MAINTENANCE TAX

On September 13, 2003, voters of the District approved the levy and collection of a maintenance tax at an unlimited rate on all taxable property within the District. The maintenance tax will be used for maintenance and other authorized purposes including, but not limited to, planning, constructing, acquiring, maintaining, repairing and operating all necessary land, works, improvements, facilities, plants, equipment and appliances, and for the payment of proper services, engineering fees, legal fees, and organization and administrative costs in accordance with Section 49.107 of the Texas Water Code.

During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of $0.1335 per $100 of assessed valuation which resulted in tax levy of $658,410 on the taxable valuation of $496,307,935 for the 2023 tax year.

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 has been no significant reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. DUE TO DEVELOPERS

The District has executed development financing agreements with developers within the District. The agreements call for the developers to fund costs associated with water, wastewater and drainage facilities, bridges, street paving and grading until such time as the District can sell bonds. As of September 30, 2024, the District recorded an estimated liability of $11,586,934 in relation to these agreements for facilities that have been completed. The developers have also been required to advance monies to the District's General Fund for the District to meet its ongoing financial obligations. Through September 30, 2024, the developers advanced directly to the District a total of $415,118 to help cover the operating deficits of the District, of which $226,412 has been reimbursed. The total amount recorded as Due to Developers in the Statement of Net Position at September 30, 2024, was $11,775,640.

	Beginning Balance	Additions	Reimbursements	Ending Balance
Due to Developer	$ 17,735,349	$ 4,135,695	$ 10,095,404	$ 11,775,640

NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 14, 2007, the District entered into a Strategic Partnership Agreement with the City of Royse City, Texas (the "City"). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Limited Purpose Annexation Property" for the limited purposes of charging and collecting sales and use taxes on sales generated from businesses operating within such commercial use areas.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and collect an ad valorem tax in all the areas within the District Boundaries, including the Limited Purpose Annexation Property, as long as the District continues to exist. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation.

The District and the City agree that the Limited Purpose Annexation Property under this agreement may be converted to full purpose annexation. Notwithstanding the foregoing, the City agrees that it will not annex the Limited Purpose Annexation Property for full purposes except as provided for annexation of the entire District in Article III and V of that certain Development and Facilities Agreement ("Development Agreement") entered into among the City, the District and One Verandah, LP on March 14, 2007.

The District agrees it shall not issue debt or incur contractual indebtedness for purpose of reimbursing One Verandah, LP for any cost or expenses paid by One Verandah, LP after the thirteenth (13^{th}) anniversary of the effective date of the Development Agreement. The District may issue bonds between the thirteenth (13^{th}) and fifteenth (15^{th}) anniversaries of the effective date of the Development Agreement in the amount not to exceed $5,000,000 for cost and expenses incurred by One Verandah, LP prior to the 13^{th} anniversary date. As of September 30, 2024, the District has not received or recorded any revenues in accordance with this agreement.

NOTE 11. BOND SALE

On November 15, 2023, the District issued its Unlimited Tax Road Bonds, Series 2023A in the amount of $3,570,000. Proceeds were used to pay developer interest, engineering costs and construction costs associated with Verandah Phase 7 and non-construction costs associated with issuance of the bonds.

On July 17, 2024, the District issued its Unlimited Tax Road Bonds, Series 2024 in the amount of $2,450,000. Proceeds were used to pay developer interest, engineering costs and construction costs associated with Verandah Phase 3A, Verandah Phase 7 and Verandah Phase 9. Proceeds were also used to pay costs associated with issuance of the bonds.

On June 20, 2024, the District issued its Unlimited Tax Utility Bonds, Series 2024 in the amount of $13,440,000. Proceeds were used to pay developer interest, engineering costs and construction costs associated with Verandah Phase 4, Verandah Phase 6 and Verandah Phase 7, and Valor Farms Phases 1 and 2. Proceeds were also used to pay costs associated with issuance of the bonds.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original and Final Budget	Actual	Positive (Negative)
REVENUES			
Property Taxes	$ 642,694	$ 655,576	$ 12,882
Penalty and Interest		20,271	20,271
Permit Fees	104,400	126,000	21,600
Miscellaneous and Investment Revenues	30,000	70,662	40,662
TOTAL REVENUES	$ 777,094	$ 872,509	$ 95,415
EXPENDITURES			
Services Operations:			
Professional Fees	$ 132,000	$ 187,719	$ (55,719)
Contracted Services	36,000	33,545	2,455
Utilities	36,000	30,536	5,464
Repairs and Maintenance	30,000	81,623	(51,623)
Other	223,309	223,553	(244)
TOTAL EXPENDITURES	$ 457,309	$ 556,976	$ (99,667)
NET CHANGE IN FUND BALANCE	$ 319,785	$ 315,533	$ (4,252)
FUND BALANCE - OCTOBER 1, 2023	1,030,242	1,030,242	
FUND BALANCE - SEPTEMBER 30, 2024	$ 1,350,027	$ 1,345,775	$ (4,252)

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2024

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

_______	Retail Water	_______	Wholesale Water	_______	Drainage
_______	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): The District operates as an "alter ego" of the City of Royse City, Texas (the "City"). The District will provide for the construction of water, wastewater and drainage facilities and roadways but then deed the facilities to the City. The City will be the retail service provider within the District.

2. RETAIL SERVICE PROVIDERS (NOT APPLICABLE)

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

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _____ No __X__

County or Counties in which District is located:

Hunt County, Texas and Rockwall County, Texas

Is the District located within a city?

Entirely _____ Partly _______ Not at all ___X___

See accompanying independent auditor's report.

5. LOCATION OF DISTRICT: (Continued)

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

Entirely ______ Partly ___X___ Not at all _____

ETJ's in which District is located:

Royse City, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PROFESSIONAL FEES:		
Auditing	$	16,500
Engineering		30,637
Legal		135,141
Delinquent Tax Attorney		1,941
Financial Advisor		3,500
TOTAL PROFESSIONAL FEES	$	187,719
CONTRACTED SERVICES:		
Bookkeeping	$	33,545
UTILITIES	$	30,536
REPAIRS AND MAINTENANCE	$	81,623
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	13,702
Dues		1,882
Insurance		6,733
Office Supplies and Postage		22
Payroll Taxes		1,048
Travel and Meetings		1,643
Contract Payment to Royse City		198,523
TOTAL ADMINISTRATIVE EXPENDITURES	$	223,553
TOTAL EXPENDITURES	$	556,976

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
INVESTMENTS
SEPTEMBER 30, 2024

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
LOGIC	XXXX7001	Varies	Daily	$ 1,309,106	$ -0-
DEBT SERVICE FUND					
LOGIC	XXXX7002	Varies	Daily	$ 1,805,316	$ -0-
CAPITAL PROJECTS FUND					
LOGIC	XXXX7003	Varies	Daily	$ 1,735,629	$ -0-
TOTAL - ALL FUNDS				$ 4,850,051	$ -0-

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2023	$ 1,396		$ 5,412	
Adjustments to Beginning Balance	(2,012)	$ (616)	(8,475)	$ (3,063)
Original 2023 Tax Levy	$ 660,915		$ 3,547,159	
Adjustment to 2023 Tax Levy	(2,505)	658,410	(13,441)	3,533,718
TOTAL TO BE ACCOUNTED FOR		$ 657,794		$ 3,530,655
TAX COLLECTIONS:				
Prior Years	$ (801)		$ (3,391)	
Current Year	656,377	655,576	3,522,805	3,519,414
TAXES RECEIVABLE - SEPTEMBER 30, 2024		$ 2,218		$ 11,241
TAXES RECEIVABLE BY YEAR:				
2023		$ 2,033		$ 10,913
2022		(51)		(253)
2021		69		144
2020		69		144
2019 and Prior		98		293
TOTAL		$ 2,218		$ 11,241

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	$ 103,087,398	$ 77,116,020	$ 57,660,094	$ 40,719,830
Improvements	422,229,761	255,285,413	135,553,163	104,596,716
Personal Property	2,223,114	2,452,690	2,720,790	948,120
Exemptions	(31,232,338)	(24,389,738)	(5,303,128)	(4,990,365)
TOTAL PROPERTY VALUATIONS	$ 496,307,935	$ 310,464,385	$ 190,630,919	$ 141,274,301
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.7165	$ 0.7080	$ 0.5750	$ 0.5750
Maintenance**	0.1335	0.1420	0.2750	0.2750
TOTAL TAX RATES PER $100 VALUATION	$ 0.8500	$ 0.8500	$ 0.8500	$ 0.8500
ADJUSTED TAX LEVY*	$ 4,192,128	$ 2,626,942	$ 1,611,139	$ 1,200,832
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.69 %	100.01 %	99.99 %	99.98 %

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

** Maintenance Tax – Unlimited tax rate per $100 of assessed valuation approved by voters on September 13, 2003.

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2013		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 65,000	$ 122,652	$ 187,652
2026	70,000	119,922	189,922
2027	75,000	116,807	191,807
2028	75,000	113,470	188,470
2029	75,000	109,945	184,945
2030	85,000	106,420	191,420
2031	90,000	102,170	192,170
2032	95,000	97,670	192,670
2033	95,000	92,920	187,920
2034	100,000	88,122	188,122
2035	380,000	83,072	463,072
2036	400,000	63,882	463,882
2037	420,000	43,682	463,682
2038	445,000	22,472	467,472
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,470,000	$ 1,283,206	$ 3,753,206

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2015		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 50,000	$ 44,390	$ 94,390
2026	55,000	42,790	97,790
2027	55,000	40,920	95,920
2028	55,000	38,995	93,995
2029	60,000	36,960	96,960
2030	60,000	34,680	94,680
2031	65,000	32,400	97,400
2032	70,000	29,800	99,800
2033	70,000	27,000	97,000
2034	75,000	24,200	99,200
2035	80,000	21,200	101,200
2036	80,000	18,000	98,000
2037	85,000	14,800	99,800
2038	90,000	11,400	101,400
2039	95,000	7,800	102,800
2040	100,000	4,000	104,000
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 1,145,000	$ 429,335	$ 1,574,335

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2017 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 180,000	$ 67,182	$ 247,182
2026	180,000	62,232	242,232
2027	185,000	57,011	242,011
2028	190,000	51,462	241,462
2029	200,000	45,476	245,476
2030	205,000	38,876	243,876
2031	210,000	31,906	241,906
2032	220,000	24,556	244,556
2033	230,000	16,856	246,856
2034	235,000	8,518	243,518
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,035,000	$ 404,075	$ 2,439,075

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2018		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 100,000	$ 102,450	$ 202,450
2026	105,000	97,950	202,950
2027	105,000	93,225	198,225
2028	115,000	88,500	203,500
2029	115,000	84,906	199,906
2030	120,000	81,169	201,169
2031	120,000	77,269	197,269
2032	120,000	73,219	193,219
2033	130,000	69,169	199,169
2034	135,000	64,619	199,619
2035	110,000	59,893	169,893
2036	115,000	56,043	171,043
2037	120,000	52,019	172,019
2038	115,000	47,669	162,669
2039	590,000	43,500	633,500
2040	610,000	22,112	632,112
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,825,000	$ 1,113,712	$ 3,938,712

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	S E R I E S - 2 0 1 9		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 100,000	$ 71,018	$ 171,018
2026	105,000	68,019	173,019
2027	110,000	64,868	174,868
2028	115,000	61,569	176,569
2029	120,000	58,118	178,118
2030	120,000	55,719	175,719
2031	125,000	53,318	178,318
2032	125,000	50,819	175,819
2033	130,000	48,319	178,319
2034	135,000	45,556	180,556
2035	140,000	42,519	182,519
2036	145,000	39,193	184,193
2037	145,000	35,569	180,569
2038	155,000	31,943	186,943
2039	155,000	28,071	183,071
2040	160,000	24,000	184,000
2041	170,000	19,800	189,800
2042	175,000	15,125	190,125
2043	185,000	10,313	195,313
2044	190,000	5,225	195,225
2045			
2046			
2047			
2048			
2049			
	$ 2,805,000	$ 829,081	$ 3,634,081

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2020		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 155,000	$ 88,925	$ 243,925
2026	160,000	84,275	244,275
2027	165,000	81,075	246,075
2028	165,000	77,775	242,775
2029	170,000	74,475	244,475
2030	175,000	71,075	246,075
2031	180,000	67,575	247,575
2032	185,000	63,975	248,975
2033	190,000	60,275	250,275
2034	195,000	56,475	251,475
2035	205,000	52,575	257,575
2036	210,000	48,475	258,475
2037	215,000	44,275	259,275
2038	220,000	39,975	259,975
2039	225,000	35,575	260,575
2040	230,000	31,075	261,075
2041	240,000	26,475	266,475
2042	245,000	21,675	266,675
2043	250,000	16,468	266,468
2044	260,000	11,156	271,156
2045	265,000	5,632	270,632
2046			
2047			
2048			
2049			
	$ 4,305,000	$ 1,059,256	$ 5,364,256

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	S E R I E S - 2 0 2 1		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 185,000	$ 114,800	$ 299,800
2026	185,000	111,100	296,100
2027	195,000	107,400	302,400
2028	200,000	103,500	303,500
2029	205,000	99,500	304,500
2030	205,000	95,400	300,400
2031	210,000	91,300	301,300
2032	220,000	87,100	307,100
2033	220,000	82,700	302,700
2034	225,000	78,300	303,300
2035	220,000	73,800	293,800
2036	225,000	69,400	294,400
2037	230,000	64,900	294,900
2038	235,000	60,300	295,300
2039	240,000	55,306	295,306
2040	245,000	50,206	295,206
2041	310,000	45,000	355,000
2042	320,000	38,026	358,026
2043	330,000	30,825	360,825
2044	335,000	23,400	358,400
2045	345,000	15,862	360,862
2046	360,000	8,100	368,100
2047			
2048			
2049			
	$ 5,445,000	$ 1,506,225	$ 6,951,225

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	S E R I E S - 2 0 2 2		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 190,000	$ 542,025	$ 732,025
2026	195,000	528,725	723,725
2027	205,000	515,075	720,075
2028	215,000	502,775	717,775
2029	220,000	494,175	714,175
2030	235,000	485,375	720,375
2031	245,000	475,975	720,975
2032	250,000	466,175	716,175
2033	265,000	456,175	721,175
2034	270,000	445,575	715,575
2035	280,000	434,775	714,775
2036	295,000	423,575	718,575
2037	310,000	411,775	721,775
2038	320,000	399,375	719,375
2039	335,000	386,575	721,575
2040	350,000	373,175	723,175
2041	1,035,000	359,175	1,394,175
2042	1,080,000	317,775	1,397,775
2043	1,130,000	274,575	1,404,575
2044	1,180,000	229,375	1,409,375
2045	1,385,000	182,175	1,567,175
2046	1,455,000	125,044	1,580,044
2047	1,530,000	65,025	1,595,025
2048			
2049			
	$ 12,975,000	$ 8,894,444	$ 21,869,444

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES-2023		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 150,000	$ 286,350	$ 436,350
2026	160,000	277,350	437,350
2027	165,000	267,750	432,750
2028	175,000	259,500	434,500
2029	185,000	250,750	435,750
2030	195,000	243,350	438,350
2031	200,000	235,550	435,550
2032	210,000	227,550	437,550
2033	220,000	219,150	439,150
2034	235,000	210,350	445,350
2035	245,000	200,950	445,950
2036	260,000	191,150	451,150
2037	270,000	180,750	450,750
2038	285,000	169,950	454,950
2039	300,000	158,550	458,550
2040	315,000	146,550	461,550
2041	330,000	133,950	463,950
2042	345,000	120,337	465,337
2043	365,000	106,106	471,106
2044	380,000	90,594	470,594
2045	400,000	74,444	474,444
2046	420,000	57,444	477,444
2047	440,000	39,594	479,594
2048	465,000	20,344	485,344
2049			
	$ 6,715,000	$ 4,168,363	$ 10,883,363

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2023 ROAD		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 150,000	$ 291,763	$ 441,763
2026	155,000	281,263	436,263
2027	160,000	270,413	430,413
2028	175,000	259,613	434,613
2029	185,000	250,863	435,863
2030	190,000	241,613	431,613
2031	200,000	232,113	432,113
2032	210,000	224,113	434,113
2033	220,000	215,713	435,713
2034	235,000	206,912	441,912
2035	240,000	197,512	437,512
2036	255,000	187,912	442,912
2037	270,000	177,712	447,712
2038	285,000	166,912	451,912
2039	295,000	155,512	450,512
2040	310,000	143,712	453,712
2041	325,000	131,312	456,312
2042	345,000	117,906	462,906
2043	360,000	103,675	463,675
2044	380,000	88,825	468,825
2045	395,000	72,675	467,675
2046	415,000	55,887	470,887
2047	440,000	38,250	478,250
2048	460,000	19,550	479,550
2049			
	$ 6,655,000	$ 4,131,731	$ 10,786,731

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES - 2023 A - ROAD		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ -	$ 186,182	$ 186,182
2026	85,000	186,182	271,182
2027	90,000	164,932	254,932
2028	90,000	155,932	245,932
2029	95,000	148,056	243,056
2030	105,000	142,356	247,356
2031	110,000	138,156	248,156
2032	110,000	133,756	243,756
2033	120,000	128,956	248,956
2034	125,000	124,406	249,406
2035	135,000	119,250	254,250
2036	135,000	113,512	248,512
2037	150,000	107,776	257,776
2038	155,000	101,212	256,212
2039	160,000	94,432	254,432
2040	175,000	87,432	262,432
2041	175,000	79,556	254,556
2042	190,000	71,682	261,682
2043	200,000	63,132	263,132
2044	210,000	53,882	263,882
2045	220,000	44,168	264,168
2046	230,000	33,994	263,994
2047	245,000	23,356	268,356
2048	260,000	12,026	272,026
2049			
	$ 3,570,000	$ 2,514,324	$ 6,084,324

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	S E R I E S - 2 0 2 4 U T I L I T Y		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 100,000	$ 684,134	$ 784,134
2026	175,000	558,882	733,882
2027	205,000	548,382	753,382
2028	225,000	536,082	761,082
2029	235,000	524,832	759,832
2030	240,000	513,082	753,082
2031	250,000	501,082	751,082
2032	260,000	488,582	748,582
2033	260,000	478,182	738,182
2034	260,000	467,782	727,782
2035	275,000	457,382	732,382
2036	275,000	446,382	721,382
2037	270,000	435,382	705,382
2038	275,000	424,582	699,582
2039	290,000	413,582	703,582
2040	285,000	401,982	686,982
2041	290,000	390,582	680,582
2042	285,000	378,982	663,982
2043	280,000	367,582	647,582
2044	280,000	356,382	636,382
2045	330,000	345,182	675,182
2046	590,000	331,982	921,982
2047	960,000	308,382	1,268,382
2048	2,590,000	269,982	2,859,982
2049	3,955,000	163,127	4,118,127
	$ 13,440,000	$ 10,792,497	$ 24,232,497

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

	SERIES-2024 ROAD		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	$ 75,000	$ 372,548	$ 447,548
2026	65,000	256,088	321,088
2027	75,000	191,738	266,738
2028	80,000	117,488	197,488
2029	80,000	57,488	137,488
2030	85,000	47,888	132,888
2031	90,000	44,488	134,488
2032	95,000	40,888	135,888
2033	95,000	37,088	132,088
2034	100,000	33,288	133,288
2035	95,000	29,288	124,288
2036	100,000	25,488	125,488
2037	105,000	21,488	126,488
2038	105,000	17,288	122,288
2039	100,000	13,088	113,088
2040	105,000	9,088	114,088
2041	115,000	4,888	119,888
2042	110,000	2,588	112,588
2043	110,000	388	110,388
2044	115,000	332	115,332
2045	115,000	276	115,276
2046	115,000	218	115,218
2047	115,000	160	115,160
2048	110,000	102	110,102
2049	95,000	37	95,037
	$ 2,450,000	$ 1,323,707	$ 3,773,707

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

Due During Fiscal Years Ending September 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal Interest Due
2025	$ 1,500,000	$ 2,974,419	$ 4,474,419
2026	1,695,000	2,674,778	4,369,778
2027	1,790,000	2,519,596	4,309,596
2028	1,875,000	2,366,661	4,241,661
2029	1,945,000	2,235,544	4,180,544
2030	2,020,000	2,157,003	4,177,003
2031	2,095,000	2,083,302	4,178,302
2032	2,170,000	2,008,203	4,178,203
2033	2,245,000	1,932,503	4,177,503
2034	2,325,000	1,854,103	4,179,103
2035	2,405,000	1,772,216	4,177,216
2036	2,495,000	1,683,012	4,178,012
2037	2,590,000	1,590,128	4,180,128
2038	2,685,000	1,493,078	4,178,078
2039	2,785,000	1,391,991	4,176,991
2040	2,885,000	1,293,332	4,178,332
2041	2,990,000	1,190,738	4,180,738
2042	3,095,000	1,084,096	4,179,096
2043	3,210,000	973,064	4,183,064
2044	3,330,000	859,171	4,189,171
2045	3,455,000	740,414	4,195,414
2046	3,585,000	612,669	4,197,669
2047	3,730,000	474,767	4,204,767
2048	3,885,000	322,004	4,207,004
2049	4,050,000	163,164	4,213,164
	$ 66,835,000	$ 38,449,956	$ 105,284,956

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Description	Original Bonds Issued	Bonds Outstanding October 1, 2023
Verandah Municipal Utility District of Hunt County Unlimited Tax Bonds - Series 2013	$ 3,000,000	$ 2,530,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2015	1,500,000	1,195,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Refunding Bonds - Series 2017	3,040,000	2,210,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2018	3,375,000	2,925,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2019	3,000,000	2,905,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2020	4,600,000	4,455,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2021	5,780,000	5,615,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2022	13,000,000	13,000,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2023	6,860,000	6,860,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2023	6,710,000	6,710,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2023A	3,570,000	
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2024	13,440,000	
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2024	2,450,000	
TOTAL	$ 70,325,000	$ 48,405,000
	*	

Bond Authority:	Tax Bonds*	Refunding Bonds	Road Bonds	Refunding Road Bonds
Amount Authorized by Voters	$ 64,560,000	$ 96,840,000	$ 71,675,000	$ 107,510,000
Amount Issued	28,275,000	- 0 -	42,510,000	270,000
Remaining to be Issued	$ 36,285,000	$ 96,840,000	$ 29,165,000	$ 107,240,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	September 30, 2024	
$	$ 60,000	$ 125,172	$ 2,470,000	Wells Fargo Bank N.A. Houston, TX
	50,000	45,940	1,145,000	Wells Fargo Bank N.A. Houston, TX
	175,000	71,732	2,035,000	Wells Fargo Bank N.A. Houston, TX
	100,000	106,950	2,825,000	Wells Fargo Bank N.A. Houston, TX
	100,000	74,019	2,805,000	Wells Fargo Bank N.A. Houston, TX
	150,000	94,925	4,305,000	BOKF, NA Dallas, Texas
	170,000	118,200	5,445,000	BOKF, NA Dallas, Texas
	25,000	543,525	12,975,000	BOKF, NA Dallas, Texas
	145,000	295,050	6,715,000	BOKF, NA Dallas, Texas
	55,000	380,191	6,655,000	BOKF, NA Dallas, Texas
3,570,000		132,912	3,570,000	BOKF, NA Dallas, Texas
13,440,000			13,440,000	BOKF, NA Dallas, Texas
2,450,000			2,450,000	BOKF, NA Dallas, Texas
$ 19,460,000	$ 1,030,000	$ 1,988,616	$ 66,835,000	

Debt Service Fund cash and investment balances as of September 30, 2024:	$ 1,805,683
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 4,211,398

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 655,576	$ 438,912	$ 520,486
Penalty and Interest	20,271	9,015	6,304
Permit Fees	126,000	125,300	106,400
Miscellaneous and Investment Revenues	70,662	46,492	6,195
TOTAL REVENUES	$ 872,509	$ 619,719	$ 639,385
EXPENDITURES			
Professional Fees	$ 187,719	$ 131,431	$ 113,884
Contracted Services	33,545	33,741	27,849
Utilities	30,536	28,798	27,546
Repairs and Maintenance	81,623	126,936	
Other	223,553	144,970	123,428
Capital Outlay			27,740
TOTAL EXPENDITURES	$ 556,976	$ 465,876	$ 320,447
NET CHANGE IN FUND BALANCE	$ 315,533	$ 153,843	$ 318,938
BEGINNING FUND BALANCE	1,030,242	876,399	557,461
ENDING FUND BALANCE	$ 1,345,775	$ 1,030,242	$ 876,399

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
$ 388,263	$ 339,759	75.2 %	70.8 %	81.4 %	69.9 %	97.1 %
3,207	3,046	2.3	1.5	1.0	0.6	0.9
162,900		14.4	20.2	16.6	29.3	
1,010	7,067	8.1	7.5	1.0	0.2	2.0
$ 555,380	$ 349,872	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 126,511	$ 131,067	21.5 %	21.2 %	17.8 %	22.8 %	37.5 %
25,205	18,406	3.8	5.4	4.4	4.5	5.3
24,590	23,984	3.5	4.6	4.3	4.4	6.9
		9.4	20.5			
125,628	117,785	25.6	23.4	19.3	22.6	33.7
				4.3		
$ 301,934	$ 291,242	63.8 %	75.1 %	50.1 %	54.3 %	83.4 %
$ 253,446	$ 58,630	36.2 %	24.9 %	49.9 %	45.7 %	16.6 %
304,015	245,385					
$ 557,461	$ 304,015					

See accompanying independent auditor’s report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 3,519,414	$ 2,185,618	$ 1,088,290
Miscellaneous and Investment Revenues	134,385	84,228	7,276
TOTAL REVENUES	$ 3,653,799	$ 2,269,846	$ 1,095,566
EXPENDITURES			
Tax Collection Expenditures	$ 60,259	$ 43,908	$ 29,049
Debt Service Principal	1,030,000	780,000	365,000
Debt Service Interest and Fees	1,993,366	1,337,473	686,326
TOTAL EXPENDITURES	$ 3,083,625	$ 2,161,381	$ 1,080,375
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 570,174	$ 108,465	$ 15,191
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ 301,146	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 570,174	$ 409,611	$ 15,191
BEGINNING FUND BALANCE	1,126,553	716,942	701,751
ENDING FUND BALANCE	$ 1,696,727	$ 1,126,553	$ 716,942
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
$ 811,853	$ 741,879	96.3 %	96.3 %	99.3 %	99.3 %	97.4 %
5,387	20,152	3.7	3.7	0.7	0.7	2.6
$ 817,240	$ 762,031	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 21,662	$ 21,752	1.6 %	1.9 %	2.7 %	2.7 %	2.9 %
355,000	345,000	28.2	34.4	33.3	43.4	45.3
535,708	474,826	54.6	58.9	62.6	65.6	62.3
$ 912,370	$ 841,578	84.4 %	95.2 %	98.6 %	111.7 %	110.5 %
$ (95,130)	$ (79,547)	15.6 %	4.8 %	1.4 %	(11.7) %	(10.5) %
$ - 0 -	$ - 0 -					
$ (95,130)	$ (79,547)					
796,881	876,428					
$ 701,751	$ 796,881					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

District Mailing Address	-	Verandah Municipal Utility District of Hunt County c/o Winstead PC 2728 N. Harwood Street, Suite 500 Dallas, TX 75201
District Telephone Number	-	(214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2024	Expense Reimbursements for the year ended September 30, 2024	Title
Jon Mitchell	05/24 05/28 (Elected)	$ 2,873	$ 142	President
Glenn Purcell	05/24 05/28 (Elected)	$ 2,431	$ 539	Vice President
Cynthia Berrones-Mood	04/22 05/26 (Appointed)	$ 3,757	$ 1,186	Secretary
Matt Bomberger	01/24 05/26 (Appointed)	$ 1,989	$ -0-	Assistant Secretary
Doug Dickerson	05/22 05/26 (Elected)	$ 2,652	$ 322	Assistant Secretary

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

Submission date of most recent District Registration Form: May 13, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060) on April 21, 2005. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

Consultants:	Date Hired	Fees for the year ended September 30, 2024	Title
Winstead PC	09/16/15	$ 131,342	General Counsel
		$ 505,020	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	10/09/07	$ 16,500	Audit Related
		$ 64,000	AUP Services
Dye & Tovery, LLC	06/11/03	$ 33,567	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	10/07/07	$ 1,941	Delinquent Tax Attorney
Barraza Consulting, LLC	11/13/19	$ 75,147	Engineer
Hilltop Securities	06/11/03	$ 460,022	Financial Advisor
Kathi Dye	08/10/16	$ -0-	Investment Officer
Hunt County Tax Assessor/ Collector	10/07/07	$ 2,243	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Form of Bond Counsel's Opinion

An opinion in substantially the following form will be delivered by Winstead PC, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

April 24, 2025

VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY
UNLIMITED TAX ROAD BONDS, SERIES 2025
IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,800,000

We have acted as "Bond Counsel" to Verandah Municipal Utility District of Hunt County (the "District") in connection with the issuance of the bonds described above (the "Bonds") for the sole purpose of providing legal advice and traditional legal services to the District including rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but we have relied solely upon the transcript of certified proceedings, certifications, and other documents described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds or with respect to the sufficiency of security or marketability of the Bonds. We have relied solely on information and certifications furnished to us by the District with respect to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds that contains certified copies of certain proceedings of the Board of Directors of the District (the "Board"); an order of the Board authorizing the Bonds adopted on March 26, 2025 (the "Order"); the Official Notice of Sale; the awarded bid; the approving opinion of the Attorney General of the State of Texas; customary certificates of officers, agents, and representatives of the District (including a "Federal Tax Certificate"), and other public officials; and other documents relating to the issuance of the Bonds. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the truth and accuracy of the statements contained in such certificates. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have examined executed Bond No. T-1.

Based on said examination and in accordance with customary legal opinion practice, it is our opinion that:

1. The District is a validly existing political subdivision of the State of Texas with power to adopt the Order, perform its agreements therein, and issue the Bonds.

2. The Bonds have been authorized, sold, and delivered in accordance with law.

3. The Bonds constitute valid and legally binding obligations of the District enforceable in accordance with their terms except as the enforceability thereof may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally.

4. Ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District, necessary to pay the interest on and principal of the Bonds, have been pledged irrevocably for such purpose.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

We call your attention to the fact that the ownership of obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, certain S corporations with Subchapter C earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred expenses allocable to, tax-exempt obligations.

The Service has an ongoing audit program to determine compliance with rules relating to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit is commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

In rendering these opinions, we have relied upon representations and certifications of the District, the District's financial advisor, and the initial purchaser of the Bonds with respect to matters solely within the knowledge of such parties, respectively, which we have not independently verified, and we assume continuing compliance by the District with covenants pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

The opinions set forth above are based on existing laws of the United States (including statutes, regulations, published rulings, and court decisions) and the State of Texas, which are subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based on our review of existing law, and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, the sufficiency of the security for, or the marketability of the Bonds.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed therein and is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. In rendering a legal opinion, we do not become an insurer or guarantor of that 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 our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Respectfully submitted,

APPENDIX C

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer

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