

OFFICIAL NOTICE OF SALE

\$4,350,000

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Hays County, Texas)

UNLIMITED TAX BONDS, SERIES 2026

Sealed Bids Due: April 22, 2026, at 10:00 a.m., Local time

Award: April 22, 2026, at 12:30 p.m., Local time

The Bonds are obligations solely of Hays County Municipal Utility District No. 4 and are not obligations of the City of Dripping Springs, Texas; Hays County, Texas; the State of Texas; or any entity or political subdivision other than the District.

THE DISTRICT PLANS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

Bonds Offered for Sale at Competitive Bidding . . . Hays County Municipal Utility District No. 4 (the "District") is offering for sale its \$4,350,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

Place and Time of Bid Opening . . . The Board will open and publicly read sealed bids for purchase of the Bonds at the designated meeting place outside the boundaries of the District at 151 Trinity Hills Drive, Austin, TX 78737 at 12:30 p.m., local time.

Award of Bonds . . . On the day of the sale at 12:30 p.m., the District will hold at a meeting at which it will take action to award the Bonds or reject all bids promptly upon the opening of bids. Upon awarding the Bonds, the District will also adopt the order authorizing issuance of the Bonds (the "Bond Order") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order to which Bond Order reference is hereby made for all purposes.

Address of Bids/Bids Delivered in Person . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to the Board of Directors of Hays County Municipal Utility District No. 4 and, if delivered in person, delivered to the designated meeting place outside the boundaries of the District, at 151 Trinity Hills Drive, Austin, TX 78737 **by 10:00 a.m., local time**, on the date of the bid opening. All bids must be submitted on the "Official Bid Form" without alteration or interlineation. Copies of the Official Bid Form accompany the Preliminary Official Statement.

Electronic Bidding Procedure . . . Notice is hereby given that electronic proposals will be received via **PARITY**, in the manner described below, **until 10:00 a.m., local time**, on April 22, 2026. Bids may be submitted electronically via **PARITY** pursuant to this Notice of Sale, **until 10:00 a.m. local time**, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice, the terms of this Notice shall control. For further information about **PARITY**, potential bidders may contact the financial advisor to the District or **PARITY** at (212) 849-5021.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

THE BONDS

Description of Bonds . . . The Bonds will be dated May 1, 2026, and interest on the Bonds will be payable September 1, 2026, and semi-annually thereafter on each March 1 and September 1 (each an “Interest Payment Date”) until maturity or earlier redemption. The initial Bond will be registered to the Initial Purchaser (defined below), will be a single Bond for the entire issue, and will be in fully registered form. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described in the PRELIMINARY OFFICIAL STATEMENT. No physical delivery of the Bonds will be made to the owners thereof. The initial paying agent/registrar (the “Paying Agent”) is BOKF, N.A., Dallas, Texas. Principal and semi-annual interest will be paid to DTC on each applicable payment date. DTC will be responsible for distributing the amounts so paid to its participants, which will remit amounts received to the beneficial owners of the Bonds. Interest on the Bonds will be payable by check or draft, dated as of the Interest Payment Date, and mailed on or before each Interest Payment Date by the Paying Agent to each registered owner of record as of the Record Date (as defined herein). The Bonds mature serially on September 1 in the years and amounts shown below.

| <u>Principal Amount Maturing</u> | <u>Year of Maturity</u> | <u>Principal Amount Maturing</u> | <u>Year of Maturity</u> |
|------------------------------------------|-----------------------------|------------------------------------------|-----------------------------|
| \$ 25,000 | 2027 | \$50,000 | 2037(i)(ii) |
| 25,000 | 2028 | 50,000 | 2038(i)(ii) |
| 25,000 | 2029 | 50,000 | 2039(i)(ii) |
| 50,000 | 2030 | 50,000 | 2040(i)(ii) |
| 50,000 | 2031 | 50,000 | 2041(i)(ii) |
| 50,000 | 2032 | 845,000 | 2042(i)(ii) |
| 50,000 | 2033(i)(ii) | 895,000 | 2043(i)(ii) |
| 50,000 | 2034(i)(ii) | 940,000 | 2044(i)(ii) |
| 50,000 | 2035(i)(ii) | 995,000 | 2045(i)(ii) |
| 50,000 | 2036(i)(ii) | | |

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- (i) The District reserves the right to redeem prior to maturity those Bonds maturing on September 1 in each of the years 2033 through 2045, both inclusive, in whole or from time to time in part on September 1, 2032, or any date thereafter, in integral multiples of \$5,000 at a price of par plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the particular Bonds thereof shall be selected and designated by the District, and if less than all of the Bonds within a maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent by lot.
 - (ii) Of such principal maturities set forth above, the bidder has the option to create term bonds as reflected on the bid form.

Source of Payment . . . The Bonds, when issued, will constitute valid and binding obligations of the District payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax levied against taxable property located within the District, without legal limitation as to rate or amount, as described in the Preliminary Official Statement.

Other Terms and Covenants . . . Other terms of the Bonds and various covenants of the District contained in the Bond Order under which the Bonds are to be issued are described in the Preliminary Official Statement, to which reference is made for all purposes.

Book-Entry-Only System . . . The District intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

Municipal Bond Rating . . . The Bonds have been assigned a rating of “Baa3” by Moody’s Investors Service (“Moody’s”).

CONDITIONS OF SALE

Types of Bids and Interest Rates . . . The Bonds will be sold in one block, on an all or none basis, and no bid of less than 97% of par value plus accrued interest to the date fixed for delivery will be accepted. The net effective interest rate must not exceed 5.65% pursuant to an Order of the Texas Commission on Environmental Quality. Bidders must specify the rate or rates of interest the Bonds will bear, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used and the highest interest rate bid may not exceed the lowest interest rate bid by more than 3% in rate. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid.

Basis of Award . . . For the purpose of awarding the sale of the Bonds, the total interest cost of each bid will be computed by determining, at the rate or rates specified, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting there from the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest net effective interest rate. In the event of mathematical discrepancies between the interest rates and the interest costs determined therefrom, as both appear on the "Official Bid Form," the bid will be determined solely from the interest rates shown on the "Official Bid Form."

Good Faith Deposit . . . Each bid must be accompanied by a bank cashier's check payable to the order of "Hays County Municipal Utility District No. 4" in the amount of \$87,000, which is 2% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the "Initial Purchaser") will be retained un-cashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser un-cashed. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid, then the check will be cashed and accepted by the District as full and complete liquidated damages. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn, which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

Obligation of the District to Receive Information from Initial Purchaser....Pursuant to Texas Government Code, Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the bidder either: (a) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"), or (b) represents to the District by marking the appropriate check box on the signature page of the Official Bid Form that the bidder represents to the District that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (the "Publicly Traded Entity Representation"). In the event that the bidder's bid for the Bonds is the best bid received and the bidder does not provide the Publicly Traded Entity Representation, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the materials described below.

Process for Completing the Disclosure Form...The Disclosure Form can be found at <https://www.ethics.state.tx.us/filinginfo/1295/> and reference should be made to the following information to complete it: (a) item 2 — Hays County Municipal Utility District No. 4, (b) item 3 — (identification number assigned to this contract) "UTB 2026 - Award" and (c) item 3 — (description of goods or services) Initial Purchaser of Bonds.

If the bidder doesn't provide the Publicly Traded Entity Representation, the District cannot accept your bid unless and until you: (i) complete the Disclosure Form electronically at the TEC's "electronic portal", and (ii) print, sign and deliver a copy of the Disclosure Form that is generated by the TEC's "electronic portal." These materials must be delivered electronically to the District's Bond Counsel at juliahouston@orrick.com and hunter.jackson@orrick.com and Municipal Advisor at clane@samcocapital.com no later than 12:00p.m. (CDT) on the bid due date.

If the Disclosure Form is required, time will be of the essence in submitting the form to the District, and no bid will be accepted by the District unless a completed Disclosure Form is received on time. If multiple entities are listed on the winning Official Bid Form and the Publicly Traded Entity Representation is not provided, each such entity will be required to submit a Disclosure Form to the District.

Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

Selection of Alternate Winning Bid...If the apparent winning bidder fails to promptly file the Disclosure Form, the District reserves the right to reject such bid and, through its financial advisor, provide conditional verbal acceptance to the bidder submitting a bid, conforming to the specifications herein, which produces the next, lowest Net Effective Interest Cost rate to the District.

Impact of Bidding Syndicate on Award...For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Purchase of Insurance . . .The District has made application to several bond insurance companies for a guaranty insurance policy insuring timely payment of the principal and interest on the Bonds. **Purchase of insurance by the Initial Purchaser is at the bidder's option, expense and risk, including the payment of premium for such insurance and any associated rating fees.**

STATUTORY REPRESENTATIONS AND COVENANTS:

By submitting a bid, each bidder makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, and 2274, Texas Government Code, as heretofore amended (the "Government Code"). As used therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created thereby (the "Purchase Contract") shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or this Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

Not a Sanctioned Company... Each bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott of Israel... Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities... Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies... Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

STANDING LETTER REQUIREMENT: Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office to confirm the verifications set forth above, as required by the All Bond Counsel Letter of the Texas Attorney General dated September 22, 2021. Bidder agrees that it will not rescind or otherwise modify its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the above-described All Bond Counsel Letter.

The District reserves the right, in its sole discretion, to reject any bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. In the event that a bidder does not have such standing letter on file at the time of submission of a bid, the bidder agrees to file such standing letter with the Municipal Advisory Council of Texas and the Texas Attorney General's Office by the earlier of: (a) two (2) hours after submitting its bid, and (b) the deadline for bids for the Bonds.

OFFICIAL STATEMENT

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC").

Final Official Statement . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential Initial Purchasers of the Bonds but will not prepare any other document or version for such purpose, except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT - Certification as to Official Statement."

Changes to Official Statement During Underwriting Period . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement, which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as, described below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery." The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule 15c2-12), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional 25 days after all the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule 15c2-12.

Delivery of Official Statements . . . The District will furnish to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements requested but not in excess of 50 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential Initial Purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 90th day after the end of the underwriting period referred to in SEC Rule 15c2-12(e)(2). The District will pay the expense of preparing up to 100 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery . . . The Initial Bond will be tendered to the Initial Purchaser as a single typewritten, photocopied or otherwise reproduced bond for the entire issue in fully registered form in the aggregate principal amount of \$4,350,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, and approved by the Attorney General of the State of Texas and registered and signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Bond, it shall be immediately canceled and one definitive Bond for each maturity will be registered to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Initial delivery will be at the designated office for payment of the Paying Agent in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The District will endeavor to provide at least five (5) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about May 21, 2026, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds no later than 10:00 a.m., local time on May 21, 2026 or thereafter on the date the Bonds are tendered for delivery up to and including June 19, 2026. If for any reason the District is unable to make delivery on or before June 19, 2026, then the District shall

immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within five (5) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

CUSIP Numbers . . . It is anticipated that CUSIP identification numbers will be printed or otherwise reproduced on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause of a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

Conditions to Delivery . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas, the legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel for the District ("Bond Counsel"), the no-litigation certificate, as described below, and the non-occurrence of the events described below under "No Material Adverse Change". In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

Legal Opinions . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of a continual direct annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, substantially to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally binding obligations of the District and have been delivered in accordance with law, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers such as the District in the State of Texas., (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District and (3) pursuant to the Internal Revenue Code of 1986, (the "Code") then in effect and existing law and assuming continuing compliance by the District with certain certifications related to tax-exemption, the interest on the Bonds will be excludable from gross income, and will not be subject to the alternative minimum tax on individuals for federal income tax purposes. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

Certification of Issue Price . . . In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the District (on or before the date of delivery of the Bonds) a certification as to the "issue price" of the Bonds substantially in the form accompanying this "Notice of Sale" of the Bonds. In the event the successful bidder will not re-offer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District and Bond Counsel. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.

Competitive Bidding and Certificate Regarding Issue Price... In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i), allowing the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the Bonds, the District will treat (i) the first price at which 10 percent of a maturity of the Bonds is sold to the public as the issue price of that maturity (the "10 percent rule") or (b) if the Underwriter has agreed in writing not to sell or offer certain maturities of the Bonds at a price higher than the initial offering price for such maturities for a period of five business days after the sale date, the initial offering price to the public as of the sale date of such maturities of the Bonds is the issue price of that maturity (the "hold the price rule"). With respect to the maturities of the Bonds that are subject to the 10 percent rule, if the 10 percent rule has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to SAMCO Capital Markets, Inc., the prices at which it sells Bonds of that maturity to the public. This reporting obligation shall continue, whether or not the Bonds have been delivered, until the 10 percent rule has been satisfied. Alternative language is included in the Certificate Regarding Issue Price for use (I) when the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i) are met and (II) when such requirements are not met.

Qualified Tax-Exempt Obligations for Financial Institutions... Section 265(a) of the Code provides, in general, that interest paid or incurred by a taxpayer, including a "financial institution," as defined in the code, on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," which are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any subordinate issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the 2026 calendar year. Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action, which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

No Material Adverse Change . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from those set forth in or contemplated by the "Preliminary Official Statement" as it may have been supplemented or amended through the date of sale.

No-Litigation Certificate . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, substantially to the effect that to the best of the District's knowledge no litigation of any nature is pending or, to the best of the certifying officers' knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers and directors of the District.

CONTINUING DISCLOSURE AGREEMENT

The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's (s) or its (their) agent's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser of a certified copy of the Bond Order containing the agreement described under such heading.

GENERAL CONSIDERATIONS

Future Registration . . . In the event that the Book-Entry-Only System should be discontinued the Bonds may be transferred, registered and exchanged on the registration books of the Paying Agent, and such registration shall be at the expense of the District though the District or Paying Agent may require payment by an owner of the Bonds requesting a transfer or exchange of Bonds of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Bond. A Bond may be transferred or exchanged upon surrender to the Paying Agent accompanied by a written instrument of transfer acceptable to the Paying Agent duly executed by the registered owner thereof or his attorney duly authorized in writing. Upon surrender for transfer of any Bond to the Paying Agent, the District shall execute and the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same stated maturity and of any authorized denomination, and of a like aggregate principal amount.

Record Date . . . The record date ("Record Date") for the interest payable on any Interest Payment Date means the 15th calendar day of the month next preceding such Interest Payment Date.

Record Date for Bonds to be Redeemed . . . Neither the District nor the Paying Agent shall be required (1) to issue, transfer, or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (2) to transfer or exchange, in whole or in part, any Bond or any portion thereof selected for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

Investment Considerations . . . The Bonds involve certain investment considerations and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the investment considerations associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

Reservation of Rights . . . The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

Not an Offer to Sell... This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form

Registration and Qualification Under Securities Laws . . . The Bonds will not be registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

By submission of a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service or process in any jurisdiction.

Municipal Bond Rating and Municipal Bond Insurance . . . Application has been made to Moody's Investors Service ("Moody's"), for a municipal bond rating, and Moody's has assigned an underlying rating of "Baa3" (stable outlook) to the Bonds. Application has also been made for the qualification of the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, all costs related to obtaining insurance will be paid by the Initial Purchaser. Any fees to be paid to Moody's as a result of said insurance **will be paid by the Initial Purchaser**. It is the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any rating downgrade by any nationally recognized rating agency, of the bond insurance provider after the bid opening shall not relieve the Initial Purchaser of its obligation under the heading "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS". (SEE MUNICIPAL BOND RATINGS AND BOND INSURANCE in the Preliminary Official Statement). It should be noted that the state of the municipal bond insurance industry is under stress, which could result in downgrades of certain municipal bond insurers. Accordingly, investors should evaluate the underlying credit quality of the District.

Copies of Documents . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of SAMCO Capital Markets, Inc., 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731, Financial Advisor to the District.

Craig McColloch, President
Board of Directors
Hays County Municipal Utility District No. 4

April __, 2026

OFFICIAL BID FORM

President and Board of Directors
 Hays County Municipal Utility District No. 4
 c/o Law Offices of Matthew B. Kutac, PLLC
 1715 S. Capital of Texas Hwy., Suite 105D
 Austin, TX 78746

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of Hays County Municipal Utility District No. 4 (the "District") relating to its \$4,350,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), which by reference are made a part hereof. We recognize the special investment considerations involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale and the Preliminary Official Statement, for a cash price of \$_____ (which represents _____% of par value) plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds mature September 1 and bear interest in each year at the following rates:

| <u>Maturity</u> <u>(September 1)</u> | <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Mandatory</u> <u>Sinking Fund</u> <u>Installment</u> | <u>Maturity</u> <u>(September 1)</u> | <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Mandatory</u> <u>Sinking Fund</u> <u>Installment</u> |
|-----------------------------------------|---------------|--------------------------------|---------------------------------------------------------------|-----------------------------------------|---------------|--------------------------------|---------------------------------------------------------------|
| 2027 | \$ 25,000 | _____ | _____ | 2037 (i)(ii) | \$50,000 | _____ | _____ |
| 2028 | 25,000 | _____ | _____ | 2038 (i)(ii) | 50,000 | _____ | _____ |
| 2029 | 25,000 | _____ | _____ | 2039 (i)(ii) | 50,000 | _____ | _____ |
| 2030 | 50,000 | _____ | _____ | 2040 (i)(ii) | 50,000 | _____ | _____ |
| 2031 | 50,000 | _____ | _____ | 2041 (i)(ii) | 50,000 | _____ | _____ |
| 2032 | 50,000 | _____ | _____ | 2042 (i)(ii) | 845,000 | _____ | _____ |
| 2033 (i)(ii) | 50,000 | _____ | _____ | 2043 (i)(ii) | 895,000 | _____ | _____ |
| 2034 (i)(ii) | 50,000 | _____ | _____ | 2044 (i)(ii) | 940,000 | _____ | _____ |
| 2035 (i)(ii) | 50,000 | _____ | _____ | 2045 (i)(ii) | 995,000 | _____ | _____ |
| 2036 (i)(ii) | 50,000 | _____ | _____ | | | | |

- (i) The District reserves the right to redeem, prior to maturity, those Bonds maturing September 1, 2033 through 2045, both inclusive, in whole or from time to time in part on September 1, 2032 and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.
- (ii) Of such principal maturities set forth above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond, or no term bonds if none is indicated). For those years, which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years. The term bonds created are as follows.

| <u>Term Bonds</u> <u>Maturity Date</u> <u>(September 1)</u> | <u>Year of</u> <u>First Maturity</u> <u>Redemption</u> | <u>Principal Amount</u> <u>of Term Bonds</u> | <u>Interest</u> <u>Rate</u> |
|-------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------|--------------------------------|
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |
| _____ | _____ | _____ | _____ % |

Our calculation (which is not a part of this bid) of the interest cost from the above bid is:

| | |
|----------------------------------|----------|
| Total Interest Cost..... | \$ _____ |
| Plus: Cash Discount..... | \$ _____ |
| Net Interest Cost | \$ _____ |
| Net Effective Interest Rate..... | _____ % |

The initial bond shall be registered in the name of Cede & Co. We will advise the office for payment of BOKF, Dallas, Texas the Paying Agent, on forms to be provided by the Paying Agent, of our registration instructions at least five (5) business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Paying Agent to accept any registration instructions after the five (5) day period for delivery of Bonds on the closing date.

We are having all maturities of the Bonds insured by _____, at a premium of \$ _____, said premium to be paid by the Initial Purchaser. Any fees to be paid to the rating agencies as a result of such insurance will be paid by the Initial Purchaser.

Cashier's Check No. _____, issued by _____(name of bank) and payable to your order in the amount of \$87,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us. We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, and 2274, Texas Government Code, as heretofore amended (the "Government Code"). As used therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created thereby (the "Purchase Contract") shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this bid or the Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

No a Sanctioned Company... The bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott of Israel... The bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities... The bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies... Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

The undersigned agrees to complete, execute, and deliver to the District, at least six (6) business days prior to the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees to provide in writing the initial reoffering prices and other terms, if any, to SAMCO Capital Markets, Inc. by the close of the next business day after the award.

Entity Submitting Bid - Check One:

_____ Disclosure Form - Entity will provide a Disclosure Form as and when required by the Notice of Sale and Bidding Instructions.

_____ Publicly Traded Entity Representation - The entity hereby represents to the District that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

(Syndicate members, if any)

Respectfully submitted,

By: _____

Authorized Representative

Phone Number: _____

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Hays County Municipal Utility District No. 4 this _____ day of _____, 2026.

ATTEST:

Secretary, Board of Directors

President, Board of Directors

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\$4,350,000
HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Hays County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

ISSUE PRICE CERTIFICATE

The undersigned, being a duly authorized representative of the underwriter or the manager of the syndicate of underwriters (“Underwriter”) which has purchased the Unlimited Tax Bonds (the “Bonds”), being issued by Hays County Municipal Utility District No. 4 (the “Issuer”), hereby certifies and represents, based on its records and information, as follows:

(1) On the Sale Date, the Underwriter’s reasonably expected initial offering price of each Maturity of the Bonds (the “Expected Offering Price”) to the Public is set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Issue Price Certificate as **Schedule A**. The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.

(2) The Underwriter had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(3) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

(4) The Underwriter has made a bona fide offering of all the Bonds of each Maturity to the Public at its Expected Offering Price set forth in **Schedule A**.

If less than 3 qualified bids are received from underwriters please attach Schedule B.

(5) On the Sale Date, the first price at which at least 10% of each Maturity of the Bonds, except for Bonds listed on Schedule B (the “Hold-the-Offering-Price Maturities”), was sold to the Public is the respective price listed in Schedule A.

(6) As set forth in the Notice of Sale for the Bonds, the Underwriter has agreed in writing that, (i) for each of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Expected Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Bonds of the Hold-the-Offering-Price Maturities to any person at a price that is higher than the respective Expected Offering Price for that Maturity of the Bonds during the Holding Period.

(7) ***Defined Terms.***

(i) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”

(ii) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Expected Offering Price for such Hold-the-Offering-Price Maturity.

(iii) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iv) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(v) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is April 22, 2026.

(vi) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(8) Please choose the appropriate statement:

() Purchaser will not purchase bond insurance for the Bonds.

() Purchaser will purchase bond insurance from _____ (the "Insurer") for a fee/premium of \$ _____ (the "Fee"). To the best of the undersigned's knowledge, information and belief, based upon the facts available at this time and current market conditions, the Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. Purchaser represents that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned.

The undersigned understands that the foregoing information will be relied upon by Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

[Initial Purchaser]

By: _____

Name: _____

Dated: _____, 2026

SCHEDULE A
PRICING WIRE
(Attached)

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SCHEDULE B
HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

Rating: Moody's "Baa3"/Stable

NEW ISSUE BOOK-ENTRY-ONLY

See "MUNICIPAL BOND RATINGS & INSURANCE"

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE DISTRICT WILL DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

\$4,350,000

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Hays County, Texas)
UNLIMITED TAX BONDS, SERIES 2026**

Dated: May 1, 2026 (Interest Accrues from Date of Delivery)

Due: September 1, as shown below

Interest on the herein described bonds (the "Bonds") will accrue from May 21, 2026 (the date of delivery) and is payable September 1, 2026, and each March 1 and September 1 (each an "Interest Payment Date"), thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the beneficial owners of the Bonds. The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of the Hays County Municipal Utility District No. 4 (the "District") and are not obligations of the City of Dripping Springs, Texas; Hays County, Texas; the State of Texas; or any entity other than the District.

**MATURITIES
(Due September 1)**

CUSIP Prefix: 42103P

| <u>Principal Amount (a)</u> | <u>Interest Rate (b)</u> | <u>Due</u> | <u>Initial Reoffering Yield (c)</u> | <u>CUSIP SUFFIX (d)</u> | <u>Principal Amount (a)</u> | <u>Interest Rate (b)</u> | <u>Due</u> | <u>Initial Reoffering Yield (c)</u> | <u>CUSIP SUFFIX (d)</u> |
|-----------------------------|--------------------------|------------|-------------------------------------|-------------------------|-----------------------------|--------------------------|------------|-------------------------------------|-------------------------|
| \$25,000 | _____ | 2027 | _____ | | \$50,000 | _____ | 2037* | _____ | |
| 25,000 | | 2028 | | | 50,000 | | 2038* | | |
| 25,000 | | 2029 | | | 50,000 | | 2039* | | |
| 50,000 | | 2030 | | | 50,000 | | 2040* | | |
| 50,000 | | 2031 | | | 50,000 | | 2041* | | |
| 50,000 | | 2032 | | | 845,000 | | 2042* | | |
| 50,000 | | 2033* | | | 895,000 | | 2043* | | |
| 50,000 | | 2034* | | | 940,000 | | 2044* | | |
| 50,000 | | 2035* | | | 995,000 | | 2045* | | |
| 50,000 | | 2036* | | | | | | | |

* Optional Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on or after September 1, 2033, in whole or from time to time in part, on September 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds may also be subject to mandatory sinking fund redemption if the Initial Purchaser (as herein defined) elects to create one or more term bonds. See "THE BONDS - Redemption Provisions".

- (a) After requesting competitive sealed bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of _____% of par, resulting in a net effective interest rate to the District of _____%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (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.

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 to rate or amount, levied against taxable property within the District. See "THE BONDS - Source of Payment." THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. Bond purchasers are encouraged to read this entire Official Statement prior to making an investment decision, including particularly the section titled "INVESTMENT CONSIDERATIONS."

The Bonds are offered to the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things to the approval of the Attorney General of Texas and the legal opinion of Orrick, Herrington & Sutcliffe LLP Austin, Texas, Bond Counsel. In addition, certain legal matters will be passed upon for the District by Johnson Petrov LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about May 21, 2026 (the "Date of Delivery"), in Austin, Texas.

**Bids Due: April 22, 2026 at 10:00 a.m. local time
Board Meeting: April 22, 2026 at 12:30 p.m. local time**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

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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 or the Initial Purchaser.

This Official Statement does not alone constitute and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the 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 SAMCO Capital Markets, Inc. for further information.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the 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, other matters described in the "Official Statement" until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating the Official Statement During Underwriting Period."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting sealed competitive bids for the Bonds, the District has accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of this Official Statement at a price of _____% of par. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate, acceptable to Bond Counsel, executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds. 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 sole 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 such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the 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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND RATINGS AND BOND INSURANCE

The District has made application to Moody's Investors Service ("Moody's") for a municipal bond rating in connection with the Bonds. **On April 10, 2026, Moody's assigned a rating of Baa3 on the Bonds.** The District has also made application to bond insurance companies for a guaranty insurance policy insuring the timely payment of the principal of and interest on the bonds. **The premium for such insurance and any associated rating fees will be paid by the Initial Purchaser. The purchase of insurance by the Initial Purchaser is at bidder's option, expense, and risk. See "BOND INSURANCE RISK FACTORS."**

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective 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 of such company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

- The Issuer Hays County Municipal Utility District No. 4 (the "District"), is a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 of the Texas Constitution. The District was originally created by an order of the Texas Natural Resource and Conservation Commission, a predecessor agency to the Texas Commission on Environmental Quality (the "TCEQ") on July 3, 2003. The creation of the District was confirmed at an election held within the District on February 5, 2005. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is authorized, among other things, to 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 for the approximately 194 acres within its boundaries, all of which lies within Hays County, Texas. See "THE DISTRICT – General".
- Location..... The District, which encompasses approximately 194 acres of land, is located in Northwest Hays County, north of U.S. Highway 290 West between Oak Branch Drive and Heritage Oaks Drive. The District lies approximately 15 miles southwest of the City of Austin's central business district and 6 miles east of the City of Dripping Springs' central business district. The District lies totally within the extraterritorial jurisdiction of the City of Dripping Springs, Texas, and wholly within the boundaries of the Dripping Springs Independent School District. See "THE DISTRICT".
- Developers/Landowners The primary developer within the District is 290 East Bush, Inc., a Texas Corporation. See "DEVELOPERS/LANDOWNERS" AND "THE DISTRICT – Historical and Current Status of Development".
- Development within
The District..... Of the approximately 194 acres of land within the District, approximately 121.895 acres is developable under the land development regulations applicable to the property. As of the date of this Statement, 127.89 acres comprising approximately 93.46% of the developable land within the District is fully developed, 6.56 acres is platted and has utility and public roadway access and the remaining 2.39 acres of developable land has utility services available and public roadway access and is expected to be platted in the future. There has been a significant amount of vertical improvements developed on several of the platted properties including a single family residential neighborhood, two apartment home communities, an assisted living / seniors' housing development, and several commercial structures. For a more detailed description of these improvements and the status of development within the District, see "THE DISTRICT – Historical and Current Status of Development."
- Homebuilders..... There are no active homebuilders currently constructing homes within the District. See "THE DISTRICT – Historical and Current Status of Development."

THE BONDS

| | |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description | The Bonds in the aggregate principal amount of \$4,350,000 mature annually in varying amounts on September 1 of each year as shown on the cover page hereof. Interest accrues from date of delivery of the Bonds, expected to occur on or about May 21, 2026, at the rates per annum set forth on the cover page hereof and is payable September 1, 2026 and each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS – General Description." |
| Redemption..... | Bonds maturing on or after September 1, 2033, are subject to optional redemption, in whole or from time to time in part, at the option of the District on September 1, 2032, and on any date thereafter at the price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions" |
| Source of Payment..... | Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not limited as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Hays County, Texas; the City of Dripping Springs, Texas or any other political subdivision or entity other than the District. See "THE BONDS - Source of Payment." |
| Payment Record..... | The District has never defaulted on the payment of any obligation. See "FINANCIAL STATEMENT – Outstanding Bonds". |
| Authority for Issuance | The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the boundaries of the District, an order of the TCEQ, and pursuant to an order (the "Bond Order") to be adopted by the Board of Directors of the District. See "THE BONDS - Authority for Issuance." |
| Use of Proceeds | The proceeds of the Bonds will be used to (i) purchase, construct, acquire, repair, improve, and extend a sanitary sewer system and a drainage and storm sewer system, (ii) pay capitalized interest on the Bonds, and (iii) pay costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." |
| Bonds Authorized But Unissued | The Bonds are the fifth installment of \$26,280,000 in bonds authorized at an election held within the District on February 5, 2005, for the purpose or purposes of purchasing, constructing or otherwise acquiring a waterworks system, sanitary sewer system and drainage system for the District. After the sale of the Bonds, \$3,090,000 in bonds from the \$26,280,000 authorization in bonds will remain authorized but unissued. |
| Municipal Bond Ratings and Insurance | In connection with the sale of the Bonds, the District has made application to Moody's for a municipal bond rating. On April 10, 2026, Moody's assigned a rating of Baa3 rating on the Bonds. The District has also made application to various guaranty insurance company insuring the timely payment of the principal of and interest on the Bonds. The premium for such insurance and any associated rating fees will be paid by the Initial Purchaser. The purchase of insurance by the Initial Purchaser is at the bidder's option, expense and risk. See "BOND INSURANCE RISK FACTORS." |

| | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tax-Exemption | In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein. |
| Qualified Tax-Exempt Obligations | The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments. |
| General Counsel | Law Office of Matthew B. Kutac PLLC, Austin, Texas. |
| Bond Counsel | Orrick, Herrington & Sutcliffe LLP, Austin, Texas. |
| Disclosure Counsel | Johnson Petrov LLP, Houston, Texas. |
| Municipal Advisor | SAMCO Capital Markets, Inc., Austin, Texas. |
| District Engineer | Westwood Professional Services, Austin, Texas. |

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations, and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS," with respect to the investment security of the Bonds and other factors described therein.

SELECTED FINANCIAL INFORMATION
(Unaudited)

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----|
| 2025 Assessed Valuation..... | \$281,184,084 | (a) |
| 2026 Estimated Preliminary Valuation (As of January 1, 2026) | \$286,923,742 | (b) |
| | | |
| Gross Debt Outstanding (after issuance of the Bonds)..... | \$19,170,000 | (c) |
| | | |
| Ratio of Gross Debt to 2025 Assessed Valuation..... | 6.82% | |
| Ratio of Gross Debt to 2026 Est. Preliminary Assessed Valuation as of January 1, 2026 | 6.68% | |
| | | |
| 2025 Tax Rate | | |
| Debt Service | \$0.5025 | |
| Maintenance & Operation..... | <u>\$0.3964</u> | |
| Total..... | <u>\$0.8989</u> | |
| | | |
| Interest and Sinking Fund Balance as of September 30, 2025..... | \$951,237 | (d) |
| | | |
| Average percentage of current tax collections - Tax Years 2020/2024 | 99.93% | |
| | | |
| Average percentage of total tax collections - Tax Years 2020/2024 | 99.43% | |
| | | |
| Projected Average Annual Debt Service Requirement (2026/2045, inclusive) of the Bonds and the Outstanding Bonds ("Projected Average Requirement")..... | \$1,408,273 | |
| | | |
| Projected Tax rate required to pay Average Requirement based upon 2025 Assessed Valuation at 95% collections | \$0.53/\$100 A.V. | |
| | | |
| Projected Tax rate required to pay Average Requirement based upon 2026 Estimated Assessed Valuation at 95% collections as of January 1, 2026..... | \$0.52/\$100 A.V. | |
| | | |
| Projected Maximum Annual Debt Service Requirement (2030) of the Bonds and the Outstanding Bonds ("Projected Maximum Requirement")..... | \$1,571,538 | |
| | | |
| Projected Tax rate required to pay Maximum Requirement based upon 2025 Assessed Valuation at 95% collections | \$0.59/\$100 A.V. | |
| | | |
| Projected Tax rate required to pay Maximum Requirement based upon 2026 Estimated Assessed Valuation at 95% collections as of January 1, 2026..... | \$0.58/\$100 A.V. | |
| | | |
| Number of active single-family connections as of January 2026 | 234 | |
| Number of Multi-Family Connections as of January 2026 (number of apartments) | 807 | |
| Number of Commercial Connections as of January 2026 | 14 | |
| | | |
| Estimated population as of January 2026 | 2,433 | (e) |

- (a) Certified Taxable Assessed Value within the District as provided by the Hays Central Appraisal District ("HCAD"). See "TAXING PROCEDURES."
- (b) Provided by HCAD, as of January 1, 2026, for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2026 and includes a preliminary estimate of values resulting from the construction of taxable improvements from January 1, 2025, through December 31, 2025. Moreover, the ultimate Assessed Valuation of any improvements added from January 1, 2025, through December 31, 2025, which will be placed on the District's 2026 tax roll, may vary from such estimate once the Appraisal Review Board certifies the value thereof for January 1, 2026, and the ultimate Assessed Valuation of any improvements added from January 1, 2025, through December 31, 2025, which will be placed on the District's 2026 tax roll, may vary from such estimate once the Appraisal Review Board certifies the value thereof in 2026.
- (c) Includes the Bonds. See "FINANCIAL STATEMENT – Outstanding Bonds."
- (d) Included in the sale of Bonds is an estimated \$239,250 in capitalized interest which will be deposited to the Debt Service Fund upon closing. Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the Interest & Sinking Fund.
- (e) Based on 3.5 residents per completed single-family connection and 2 for multi-family.

OFFICIAL STATEMENT

relating to

\$4,350,000

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Hays County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Hays County Municipal Utility District No. 4 (the “District”) of its \$4,350,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to an election held within the boundaries of the District, pursuant to an order (the “Bond Order”) adopted by the Board of Directors (the “Board”) of the District on the date of the sale of the Bonds, and pursuant to an approving order of the Texas Commission on Environmental Quality (the “TCEQ”).

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Orrick, Herrington & Sutcliffe LLP, 200 West Sixth Street, Suite 2250, Austin, Texas 78701 or during the offering period from the District’s Municipal Advisor, SAMCO Capital Markets, Inc., Attn: Christina M. Lane, 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General Description

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance and sale of the Bonds. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will bear interest from May 21, 2026 (the “Date of Delivery”) and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the cover page hereof. Interest on the Bonds will be paid on September 1, 2026, and March 1 and September 1 (each an “Interest Payment Date”) thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner (including the beneficial owners, the “Owner”) and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the Owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., Dallas, Texas (“Paying Agent/Registrar”).

Authority for Issuance

At a bond election held within the District on February 5, 2005 (the “Bond Election”), the voters of the District authorized the issuance of \$26,280,000 principal amount of unlimited tax bonds for the purpose or purposes of constructing or otherwise acquiring a waterworks, sanitary sewer and drainage systems for the District. See “Issuance of Additional Debt” below.

By adoption of an order dated January 28, 2026 (the “TCEQ Order”), the TCEQ, authorized the District to sell the Bonds subject to certain restrictions, including restrictions on the use of Bond proceeds as summarized in “USE AND DISTRIBUTION OF BOND PROCEEDS”.

The Bonds are issued by the District pursuant to the Bond Election; the TCEQ Order; the terms and provisions of the Bond Order; Article XVI, Section 59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code, as amended; and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. In addition, as required by the Agreement Concerning Creation and Operation of the District dated July 25, 2002 (as amended from time to time, the “Consent Agreement”), the City Council of the City of Dripping Springs (the “City”) adopted a resolution noting that the City had no comments or objections to the issuance by the District of the Bonds.

Before the Bonds can be issued, the Attorney General of Texas must initially 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.

Redemption Provisions

Optional Redemption...The Bonds maturing on and after September 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2032, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

Mandatory Sinking Fund Redemption...If two or more serial bonds of consecutive maturities are combined into one or more “Term Bonds” by the initial purchaser of the Bonds (the “Initial Purchaser”), such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order.

Notice of Redemption...The Paying Agent/Registrar will give written notice of redemption, by first class mail or overnight delivery, not less than thirty (30) days prior to the redemption date, to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. If less than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the Board. If less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot or such random method as Paying Agent/Registrar shall deem fair and appropriate.

Conditional Notice of Redemption ...The District may make any notice of redemption conditional on the occurrence of a condition precedent. In the event that the District chooses to provide a conditional notice of redemption, the District shall include in the notice of redemption that the redemption is conditioned upon the occurrence of a condition precedent.

Termination of Book-Entry-Only System

The Bonds are subject to the book-entry-only system administered by DTC. See “BOOK-ENTRY-ONLY SYSTEM.” In the event that the book-entry-only system is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment...Principal of the Bonds will be payable at maturity to the Owners as shown by the registration books maintained by the Paying Agent/Registrar upon presentation and surrender of the Bonds to the Paying Agent/Registrar

at the designated office for payment of the Paying Agent/Registrar in Dallas, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent/Registrar by United States mail, first class, postage prepaid, to the Owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent/Registrar requested by an Owner at the risk and expense of such Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding business day and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration... If the book-entry-only system is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may be, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the Owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent/Registrar. Transfer and exchange for Bonds will be without expense or service charged to the Owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent/Registrar to the Owner, at the Designated Payment/Transfer Office of the Paying Agent/Registrar or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds... Neither the District nor the Paying Agent/Registrar shall be required to make any transfer, conversion or exchange to an assignee of the Owner of the Bonds (i) during the period commencing on the close of business on the 15th calendar day of the month preceding each Interest Payment Date (the “Record Date”) and ending with the opening of business on the next following principal or Interest Payment Date, or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the uncalled balance of a Bond.

Replacement Bonds... If a Bond is mutilated, the Paying Agent/Registrar will provide a replacement Bond in exchange for the mutilated Bond. If a Bond is destroyed, lost or stolen, the Paying Agent/Registrar will provide a replacement Bond upon (i) the filing by the Owner with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of the Bond and the authenticity of the Owner’s ownership, and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the Owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, for each year while any part of the Bonds are considered outstanding under the provisions of the Order, a continuing, direct, annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds. The Bonds are obligations of the District and are not the obligations of the State of Texas; Hays County, Texas; the City of Dripping Springs, Texas; or any other political subdivision or any 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 as security therefore, 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 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Owners of the Bonds a security interest in such pledge, the District has agreed in the Bond Order to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Payment Record

This will be the District's fifth installment from an authorized issuance of \$26,280,000. The District issued bonds in 2010, which bonds were refunded in 2015, and also issued bonds in 2013, 2018, and 2022 and has not defaulted on the payment of any obligation.

Funds

Interest and Sinking Fund: The Bond Order establishes the District's Interest and Sinking Fund (the "Interest and Sinking Fund"). The Interest and Sinking Fund will contain two accounts: Payment Account and the Capitalized Interest Account. An amount equal to approximately 12 months' interest on the Bonds will be deposited from proceeds from sale of the Bonds into the Capitalized Interest Account. Any amounts remaining in the Capitalized Interest Account after the payment of interest on September 1, 2026 will be transferred to the Payment Account of the Interest and Sinking Fund. The Interest and Sinking Fund is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Interest and Sinking Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and, to defray the expenses of collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable from taxes.

Capital Projects Fund. The Bond Order establishes the District's Capital Projects Fund (the "Capital Projects Fund"). After the initial deposits to the Payment Account and the Capitalized Interest Account, and all remaining Proceeds of the sale of the bonds will be deposited into the Capital Projects Fund. Any monies remaining in the Capital Projects Fund after completion of construction of the entire System will be transferred to the Interest and Sinking Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds and the projects related thereto.

Registration and Transfer

So long as the Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at one of its corporate trust offices in Texas in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

Neither the District nor the Paying Agent/Registrar shall 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 Bonds for a period of forty-five (45) days next preceding the selection of Bonds for redemption or to transfer or exchange any Bonds called for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the Owner of the uncalled balance of a Bond.

The District or the Paying Agent/Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connections with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall 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 shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, an association or 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, authorized by law to serve as Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT -

General.” The District’s voters have authorized the issuance of \$26,280,000 of unlimited tax bonds and could authorize additional amounts. Following the issuance of the Bonds, the District will have \$3,090,000 of unlimited tax bonds authorized but unissued.

The Bond Order imposes no limitation on the amount of additional tax bonds that may be authorized for issuance by the District’s voters or the amount ultimately issued by the District. See “INVESTMENT CONSIDERATIONS - Future Debt.”

The District is also authorized by statute to engage in fire-fighting activities, including the issuance 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 such bonds by the Attorney General of Texas. The Board has not considered calling an election for purposes of authorization of a detailed master plan and issuance of bonds for fire-fighting activities at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Consolidation

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

Remedies in Event of Default

Other than a writ of mandamus, the Bond Order does not expressly provide a specific remedy for a default. The Bond Order does provide that the remedy of mandamus described in the Bond Order is addition to all rights and remedies, if any, of any Owner provided by the laws of the State of Texas. Based on recent Texas court decisions, it is unclear whether certain legislation effectively waives governmental immunity of governmental entities for suits for money damages. Even if an 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, an Owner could petition for a writ of mandamus issued by a court of competent jurisdiction 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 principals of equity. See “INVESTMENT CONSIDERATIONS - Owners’ Remedies” and – “Bankruptcy Limitation to Owners’ Rights.”

Legal Investment and Eligibility to Secure Public Funds in Texas

The Bonds are (a) authorized investments in the State of Texas for banks, savings and loan associations, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees and (b) legal investments for public funds of cities, villages, schools districts, and other political subdivisions or public agencies of the State of Texas. The Bonds are also eligible under the Public Funds Collateral Act to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, and such political subdivisions may impose other, more stringent, requirements 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 makes no representation that the Bonds will be acceptable to banks, savings and loan associations, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Defeasance

Except to the extent provided in the Bond Order, any Bond, and the interest thereon, will be deemed to be paid, retired, and no longer outstanding (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 or otherwise) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to a paying agent (a “Depositary”), with respect to the safekeeping, investment, administration, and disposition of a deposit made for such payment (the “Deposit”) (A) lawful money of the United States of America sufficient to make such payment or (B) Government Obligations, 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 and of any Defeased Bond. To cause a Bond scheduled to be paid 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.

The Bond Order provides that “Government Obligations” means any securities permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer 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.

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, with respect to the Bonds, the redemption date thereof (the “Verification”); or (ii) in the event no escrow or similar agreement has been entered into, a certificate from the authorized representative of the District certifying that the amount deposited with a Depositary is sufficient to pay the Defeased Bonds in full on the maturity date, or with respect to the Bonds, the 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 hereof and a certificate of discharge of the Paying Agent/Registrar with respect to the Defeased Bonds. The Bonds will remain outstanding hereunder unless and until they are in fact paid and retired or the above criteria are met.

At such time as a Bond will be deemed to be a Defeased Bond hereunder, and all herein required criteria 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 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 immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Specific Tax Covenants

In the Bond Order the District has covenanted with respect to among other matters, the use of the proceeds of the Bonds and the use of facilities financed therewith by persons other than state or local governmental units, and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the “Code”), so that such covenant is ineffective or inapplicable or compliance with such covenant adversely affects the exclusion from gross income of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District has additionally covenanted in the Bond Order that to the extent it has the authority to do so, it will (i) levy an ad valorem tax that will be sufficient to provide funds to pay the current interest on the Bonds and to provide the necessary sinking fund, and (ii) keep proper books of record and accounts in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the funds created pursuant to the Bond Order, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request from any Owner.

Amendment to Bond Order

The Bond Order contains provisions to the effect that the District may, without the consent of or notice to any Owners of the Bonds amend, change or modify the Bond Order as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change that does not in any respect materially and adversely affect the interest of the Owners of the Bonds. Except for such amendments, changes or modifications, the District shall not amend, change or modify the Bond Order in any manner without the consent of at least the majority in aggregate principal amount of Bonds then outstanding affected thereby; provided that without the consent of all of the Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds or reduce the principal amount thereof or the rate of interest thereon; (ii) give any preference to any Bond over any other Bond; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would affect any additional changes in its boundaries.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form. Consequently, purchasers of ownership interests in the Bonds will not receive certificates representing their respective interests in the Bonds. This section describes how ownership of the Bonds is to be transferred and how the payments of principal of and interest on the Bonds are to be paid to and accredited by Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Underwriters and the District believe the source of such information to be reliable, but take 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 (“SEC”), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. 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 Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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 Security 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 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 within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal, interest payments, premium, if any, and redemption proceeds 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 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, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar’s DTC account.

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 as set forth in the Bond Order. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

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EXTRATERRITORIAL JURISDICTION AND ANNEXATION

The District lies within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (the “City” or “Dripping Springs”). Under Texas law, a city may annex a special district located within its extraterritorial jurisdiction pursuant to certain statutory provisions that allow for negotiations between the city and the special district as to the timing, terms and conditions of the annexation. If an agreement is reached whereby the special district will be fully annexed and subsequently dissolved, the City succeeds to the powers, duties, assets and obligations of the District.

The City, the District, and 194 Bush, Ltd., the original owner of the 194 acres of investment property that comprise the District, have entered into a Consent Agreement which, among other provisions, provides for conditions whereby the City will not annex any part of the District until at least 90% of the project facilities for which District bonds have been authorized have been installed. 194 Bush, Ltd. has partially assigned its interest in the Consent Agreement to 290 East Bush, Inc. and sold a portion of its investment property to 290 East Bush Inc. (See ‘DEVELOPERS/LANDOWNERS’ and “THE DISTRICT – Historical and Current Status of Development”). The Consent Agreement further provides that, upon annexation, the City will succeed to all powers, duties, assets and obligations under valid and duly authorized contracts entered into by the District prior to the first notice of annexation including, but not limited to, the developer reimbursement agreement and any bond obligations of the District. Upon satisfaction of the conditions to annexation, the City may, but will not be required to, annex the District. No representation is made concerning the annexation of the District by the City or its ability to make debt service payments on the Bonds should annexation occur.

The District and the City entered into a Strategic Partnership Agreement (“SPA”) dated September 21, 2010, which applies to a portion of the District. The SPA permitted the City to annex 85.976 acres within the District for the sole purpose of allowing the City to collect a 1.25% retail sales tax on retail businesses that are or will be located in the District. The City was not granted any other development rights such as zoning or building restrictions in connection with the Limited Purpose Annexation. The sales tax revenues collected by the City are split 50 / 50 with the District. The area that was annexed for limited purposes includes (1) the LedgeStone East Development; (2) the Lookout Apartments; (3) the Anthem at LedgeStone Apartments; (4) an approximately 3.06-acre vacant commercial lot currently owned by Lewis RR Dripping Springs, LLC (Lot 2 Block A Bush Ranch Phase 2 Section 2); (5) 15.678 acre LedgeStone Senior Living development on Lot 2 Phase 3 Section 1 Block A; (6) 12.397 acres developed as Ledge Stone Commercial Condominiums as described herein; and (7) approximately 3 acres of un-platted Mixed Use land, all as described herein (See ‘DEVELOPERS/LANDOWNERS’ and “THE DISTRICT – Historical and Current Status of Development”). The remaining acreage within the area that was limited purpose annexed has been or will be used for roadway and utility rights of way, open space, storm water detention and water quality improvements, irrigation area, and open space. The SPA also provides that the City will not commence a full purpose annexation of the District until the later of (i) 15 years of the effective date of the SPA (i.e. September 1, 2025), or (ii) the date following completion of the water, wastewater, roadway and drainage facilities required to serve at least 90% of the developed acreage within the District, or (iii) as otherwise provided in the District’s Consent Agreement.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to (i) purchase, construct, acquire, repair, improve, and extend a sanitary sewer system and a drainage and storm sewer system, (ii) pay capitalized interest on the Bonds, and (iii) pay costs of issuing the Bonds.

The presently estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$3,721,476 is estimated to be required for construction costs, and \$628,524 is estimated to be required for non-construction costs.

CONSTRUCTION COSTS:

| | <u>Amount</u> |
|------------------------------------------------------------|---------------------------|
| A. Developer Contribution Items | |
| 1. None | -0- |
| TOTAL DEVELOPER CONTRIBUTION ITEMS | \$ -0- |
| B. District Items | |
| 1. Pump & Haul Cost Reimbursement | \$ 186,000 |
| 2. Permit Renewal Reimbursement | 90,621 |
| 3. Major Permit Amendment | 219,928 |
| 4. Wastewater Treatment Plant Effluent Tank Addition | 1,153,540 |
| 5. Wastewater Treatment Plant Expansion Evaluation | 88,260 |
| 6. Phase IV Drip Field Expansion | 1,592,888 |
| 7. Wastewater Treatment Plant Recoating | 155,000 |
| 8. Wastewater, water quality, and storm water improvements | <u>235,239</u> |
| TOTAL DISTRICT ITEMS | \$3,721,476 |
| TOTAL CONSTRUCTION COSTS (85.56% OF BIR) | \$3,721,476 |
| <u>NON-CONSTRUCTION COSTS:</u> | |
| A. Legal Fees (2%) | \$ 87,000 |
| B. Fiscal Agent Fees (2%) | 87,000 |
| C. Capitalized Interest (12 months @ 5.5%) | 239,250 |
| D. Bond Discount (3%) | 130,500 |
| E. Bond Issuance Expenses | 31,549 |
| F. Bond Application Report | 38,000 |
| G. Attorney General's Fee (0.10%) | 4,350 |
| H. TCEQ Bond Issuance Fee (0.25%) | <u>10,875</u> |
| TOTAL NON-CONSTRUCTION COSTS | <u>\$628,524</u> |
| TOTAL BOND ISSUE REQUIREMENT | <u>\$4,350,000</u> |

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INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas; Hays County, Texas; City of Dripping Springs, Texas; or any other political subdivision or entity, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. (See "THE BONDS - Source of Payment.") The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Owners' Remedies" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Interest Rates: A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots of this type and the construction of residential dwellings 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 lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

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. Lenders have been selective in recent years in making real estate loans in the Austin area because of the negative impact to their real estate portfolios. 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, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, although located approximately 15 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

Competition: The taxable value of single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to Austin that may be for sale. Such homes could represent additional competition for new homes proposed to be sold within the District. Six residential lots remain available for sale within the District. All other residential lots have been constructed and sold for single family residential use.

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

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2025 assessed valuation of the District is \$281,184,084 (see

"FINANCIAL STATEMENT"). After issuance of the Bonds, the Maximum Annual Debt Service Requirement is estimated to be \$1,571,538 (2030) and the Average Annual Debt Service Requirement (2026 through 2045, inclusive) is estimated to be \$1,408,273. Based on the 2025 assessed valuation and no use of funds on hand, a tax rate of \$0.59 per \$100 assessed valuation, at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement of \$1,571,538 and a tax rate of \$0.53 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement (2026 through 2045, inclusive) of \$1,408,273. Based on the Preliminary Estimated 2026 assessed valuation of \$286,923,742 and no use of funds on hand, a tax rate of \$0.58 per \$100 assessed valuation, at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement of \$1,571,538 and a tax rate of \$0.52 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement (2026 through 2045, inclusive) of \$1,408,273. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Adequacy for Debt Service."

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold, and delinquent taxes paid. Owners of the Bonds are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, Owners to enforce such remedies. The rights and remedies of the Owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

Owners' Remedies

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

On June 30, 2006, the Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued" or "plead and be impleaded", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act applies to districts and relates to contracts entered into by districts for goods or services. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Bankruptcy Limitation to Owners' Rights

The enforceability of the rights and remedies of Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the

stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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 an Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Owner's claim against a district.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") and the Resolution Trust Corporation ("RTC") when the FDIC/RTC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC/RTC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC/RTC shall be subject to foreclosure or sale without the consent of the FDIC/RTC and no involuntary liens shall attach to such property, (ii) the FDIC or RTC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC/RTC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC/RTC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC/RTC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC/RTC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC/RTC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC/RTC in the District, and may prevent the collection of penalties and interest on such taxes.

Marketability

The District has no understanding 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 for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

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

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$3,090,000 authorized but unissued bonds (see "FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued"), and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District has also reserved the right to issue certain other additional bonds and obligations described in the Bond Order. All the remaining \$3,090,000 bonds, which have heretofore been authorized by the voters of the District may be issued by the District, as approved in the TCEQ Order, from time to time as improvement needs arise. If the District does issue future bonds or other debt obligations, such issuance could increase gross debt/property valuation ratios and might adversely affect the investment security of the Bonds.

There are currently no advanced funds or costs, outstanding and owed to be reimbursed by the District in the future. The District may issue bonds to reimburse such costs or may use a combination of cash on hand and bond proceeds to reimburse such costs. With respect to the District's issuance of additional bonds to reimburse such costs, the District may do so after approval of the TCEQ. In addition, future, changes in health, environmental, or other governmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS – Issuance of Additional Debt."

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS". In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

BOND INSURANCE RISK FACTORS

BOND INSURANCE RISK FACTORS . . . If municipal bond insurance is purchased for the Bonds, in the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim against the insurer (the "Insurer") of the municipal bond guaranty 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 absence such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Remedies in Event of Default"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the District. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

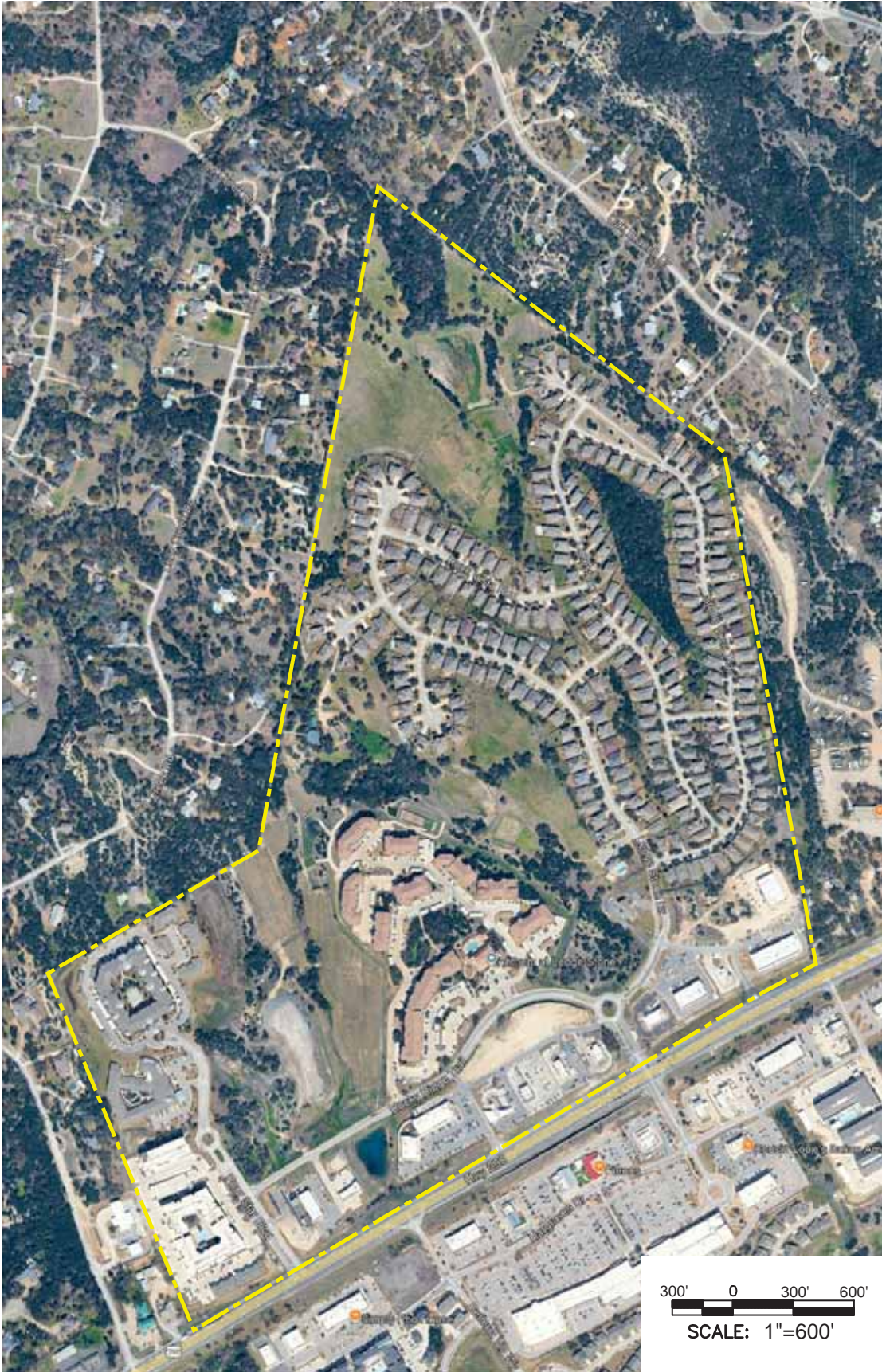
If a Policy is acquired, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Municipal Advisor or the Initial Purchaser has made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . .
Moody's Investors Service, Inc., S&P Global Ratings, a division of S&P Global Inc. and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

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DISTRICT MAP



THE DISTRICT

General

The District is a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 of the Texas Constitution. The District was originally created by an order of the Texas Natural Resource and Conservation Commission, a predecessor agency to the TCEQ on July 3, 2003. The creation of the District was confirmed at an election held within the District on February 5, 2005. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ and is located within the extraterritorial jurisdiction of the City of Dripping Springs, Texas, and within the boundaries of Dripping Springs Independent School District.

The District contained 193.93 acres at the time of creation. There have been no annexations or exclusions of land since creation of the District. The current District acreage remains at 193.93 acres.

The District has the statutory authority, among other things, to 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 may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste collection and disposal service and is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. The District has no present plans to provide a fire department. Fire protection and emergency services are provided to the District by the North Hays Co. Emergency Services District No. 1.

Location

The District is located in Northwest Hays County, north of U.S. Highway 290 West between Oak Branch Drive and Heritage Oaks Drive. The District lies approximately 15 miles southwest of the City of Austin’s central business district and 6 miles east of the City of Dripping Springs’ central business district. The District lies totally within the extraterritorial jurisdiction of the City of Dripping Springs, Texas and wholly within the boundaries of the Dripping Springs Independent School District.

Management of the District

Board of Directors

The District is governed by a board (the “Board of Directors”) consisting of five directors, which has control over and management supervision of all affairs of the District. Directors’ terms are four years with elections held within the District on the first Saturday in May in each even numbered year. All of the Directors own property or reside in the District.

| <u>Name</u> | <u>Position</u> | <u>Length of Service</u> | <u>Term Expires May</u> |
|---------------------|---------------------------|--------------------------|-------------------------|
| Craig McColloch | President | 8 years | 2028 |
| Dilipkumar B. Patel | Vice President | 8 years | 2028 |
| Toby Fariss | Secretary | 3 years | 2028 |
| Meredith Tucker | Treasurer | 3 years | 2030 |
| Michael Tomasz | Asst. Secretary/Treasurer | 2.5 years | 2030 |

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Hays Central Appraisal District. The Tax Assessor/Collector is appointed by the Board. The Hays District Tax Assessor/Collector, Ms. Jennifer Escobar, currently serves the District in this capacity under contract.

Operator

The District contracts with Municipal Operations & Consulting, LLC to operate as Operator for the District.

Bookkeeper

The District contracts with L&S District Services as the Bookkeeper for the District.

Engineer

The District's consulting engineer is Westwood Professional Services.

Auditor

The District's audited financial statements for the year ended September 30, 2025, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A" for a copy of the District's year end September 30, 2025, audited financial statements.

Municipal Advisor

SAMCO Capital Markets, Inc. serves as the District's municipal advisor (the "Municipal Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Bond Counsel

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

General Counsel

The District has engaged the Law Office of Matthew B. Kutac, PLLC, Austin, Texas, as the District's general counsel.

Disclosure Counsel

The District has employed Johnson Petrov, LLP, Houston, Texas, as disclosure counsel.

Historical and Current Status of Development

As previously stated, of the approximately 194 acres of land within the District, approximately 121.895 acres is developable under the land development regulations applicable to the property. As of the date of this Statement, 127.89 acres comprising approximately 93.46% of the developable land within the District is fully developed, 6.56 acres is platted and has utility and public roadway access and the remaining 2.39 acres of developable land has utility services available and public roadway access and is expected to be platted in the future.

Currently, single-family residential development within the District includes 234 finished residential lots on 55.65 acres of land upon which 228 homes have been completed leaving 6 vacant residential lots upon which homes can be constructed in the future.

In addition to single-family residential development that has occurred within the District, three separate multifamily developments have been completed within the District. Anthem at Ledgestone consists of 292 units on 16.718 acres, and was developed by Anthem Ledgestone Apartment Homes, LLC. Lookout Apartments consists of 241 units on approximately 6.673 acres, and was developed by Lookout Apartments, LP. Ledgestone Senior Living consists of 274 units on approximately 15.678 acres, offering assisted living, independent living and memory care options, and was developed Trepex Construction, LLC.

Commercial development within the District consists of multiple completed projects. Ledgestone Commercial Condominiums has been developed by the Developer as a condominium regime with multiple units that have been

either sold or leased to commercial operations. Current commercial operations within Ledgestone Commercial Condominiums include a Jiffy Lube service center, a Firestone tire and automotive service center, a Rapid Express car wash center, an HTeaO beverage franchise, a Popeye’s restaurant, a Panda Express restaurant, a PTerry’s restaurant, an Orange Theory Fitness center, and various other office and retail concerns.

Ledgestone East has also been developed by Ledgestone East, Ltd., as a condominium regime comprising approximately 8.7326 acres with multiple units that have been sold to commercial operations. Current commercial operations within Ledgestone East include a Chipotle restaurant, a Dutch Bros. coffee shop, an Amy’s Ice Cream shop, a SweatHouz therapy studio, and dental, urgent care and veterinary offices.

A 5,600 square foot office building located on a 1.36 acre commercial lot (Lot 1 Block A Bush Ranch Phase 1 Revised) is owned and operated by a civil engineering firm. The District understands but has not verified that the City of Dripping Springs has approved a site development permit for an additional 4,780 square feet of expansion area on this lot.

An approximately 3.06-acre vacant commercial lot is currently owned by Lewis RR Dripping Springs, LLC (Lot 2 Block A Bush Ranch Phase 2 Section 2). Development plans for this lot are not known to the District at this time. Additionally, a +/- 3 acre un-platted, vacant commercial parcel located at the northeast corner of Four Star Blvd. and Rocky Ridge Trail is owned by the 194 Bush, Ltd. Development plans for this parcel are not known to the District at this time.

Development serving the community includes a 75 acre lot (Lot 2 Block A Bush Ranch Phase 1 Revised) with an amenity center consisting of a swimming pool, bath house, and playscape for use by the single family residential Ledge Stone neighborhood and one open space, drainage and utility lot upon which the wastewater plant and effluent irrigation facilities are located along with water quality facilities and a pocket park with playscape.

A. Bush Ranch Summary of Development with Utility Facilities

| | <u>Acreege</u> | <u>Platted Lots</u> | <u>Completed Homes/ Buildings</u> | <u>Under Construction</u> | <u>Vacant Lots</u> |
|-------------------|----------------|-------------------------|---------------------------------------|-------------------------------|------------------------|
| Residential | 55.650 | 234 | 228 | 0 | 6 |
| Commercial (a) | 38.981 | 12 | 15 | 0 | 2 |
| Anthem | | | | | |
| Apartments (b) | 16.718 | 1 | 12 | 0 | 0 |
| Lookout | | | | | |
| Apartments (c) | 6.673 | 2 | 5 | 0 | 0 |
| Senior Living (d) | 15.678 | 1 | 5 | 0 | 0 |
| Unplatted (e) | 2.390 | 0 | 0 | 0 | NA |
| Amenities (f) | 0.750 | 1 | 1 | 0 | 0 |
| Total | 136.840 | 251 | 266 | 0 | 8 |

B. Other

| | |
|-----------------------|-----------------------|
| Right of Way | 10.925 |
| Open Space (g) | 10.530 |
| WWTP Util. (h) | <u>35.640</u> |
| Total | 57.090 |
| Total Acreage: | <u>193.930</u> |

- (a) Includes four multitenant commercial buildings, five standalone restaurants, two car maintenance retail buildings, one bank, one daycare, and one office building located along US-290, Rocky Ridge Trl, and Ledgestone Dr.
- (b) Completed 292-unit development on BUSH RANCH PHASE 2 SEC 2, BLOCK A, Lot 1.
- (c) Includes a 241-unit development on BUSH RANCH PHASE 2 SECTION 1, BLOCK A, Lot 1 and BUSH RANCH PHASE 3 SEC 1, BLOCK A, Lot 1.
- (d) Includes a senior living facility made up of 5 buildings on BUSH RANCH PHASE 3 SEC 1, BLOCK A, Lot 2.
- (e) Includes a 2.39 acre parcel which is not platted but to which utilities and public roadway access are available.
- (f) Includes an amenity center located on BUSH RANCH PHASE 1, BLOCK A, Lot 2A, ACRES 0.75*REPLAT LOT 2*.
- (g) Floodplains and drainage easements are included in this line item.
- (h) This includes acreage for the wastewater treatment plant and effluent irrigation areas (existing and future).

Future Development

Per the schedule above, there is one remaining +/- 2.39 acre parcel which is not platted but to which utilities and public roadway access are available. The use of this property has not been determined. This land is currently owned by 194 Bush, Ltd.

Annexation of the District

The District is located entirely within the extraterritorial jurisdiction of the City of Dripping Springs, Texas. Under state law, the District may be annexed by the City if certain statutory requirements are satisfied. The District and Dripping Springs entered into a strategic partnership agreement authorizing a limited purpose annexation of certain portions of the District designated for commercial use. For full explanation of the SPA and its purposes and limitations on annexation see “EXTRATERRITORIAL JURISDICTION AND ANNEXATION.”

DEVELOPERS/LANDOWNERS

Role of the Developers/Landowners

In general, the activities of a landowner or developer in a utility district, such as the District, include, among other activities, purchasing land within the future district, petitioning for creation of the district, designing the development, defining a marketing program, planning and scheduling building schedules, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases water, sewer, and drainage facilities in the utility district) pursuant to the rules of the TCEQ, and selling improved lots or commercial reserves to builders, other developers or third parties. Ordinarily, the developer pays one hundred percent (100%) of the costs of paving and amenity design and construction and, in some cases, up to 30% of the costs of construction of the water supply and distribution, wastewater collection, and drainage facilities. While a landowner or developer is required by the TCEQ to pave streets and pay for its allocable portion of the costs of utilities to be financed by the district through a specific bond issue, if any, a developer is under no obligation to a district to undertake development activities with respect to other property it owns within the district. 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 the developer to perform such activities in development of the property within the utility district may have a profound effect on the security for the bonds issued by a district.

Description of the Developers/Landowners

The primary developer of land within the District has been 290 East Bush, Inc. (the “Developer”), having developed Bush Ranch Phase One Revised, Bush Ranch Phase 2 Section 1, Bush Ranch Phase 2 Section 2, and Bush Ranch Phase 3 Section 1. The Developer was formed for the purpose of acquiring and developing portions of the land within the District owned by 194 Bush, Ltd., the entity that created the District and that formerly owned all of the land within the District. In addition, Anthem Ledgestone Apartment Homes, LLC, Lookout Apartments, LP, and Trepex Construction, LLC, have completed multifamily development projects within the District. Ledgestone East, Ltd. has completed substantially all of its commercial development within the District, with vertical improvements pending construction by certain individual unit owners. 194 Bush, Ltd. owns a +/- 3 acre un-platted, vacant commercial parcel located at the northeast corner of Four Star Blvd. and Rocky Ridge Trail. Lewis RR Dripping Springs, LLC owns a 3.06-acre vacant commercial lot within the District.

Agricultural Waiver

As discussed in the section titled “TAXING PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. The District does not currently exempt any percentage of the market value of any residential homesteads from taxation. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty (30) years.

Utility Construction Agreements

The District is a party to that certain Utility Construction Agreement between the District and 194 Bush, Ltd. dated July 22, 2005 (hereinafter referred to as the “UCA”). By partial assignment from 194 Bush, Ltd., 290 East Bush, Inc. is also a party to the UCA. The UCA outlines the conditions under which the District will issue bonds to reimburse 194 Bush, Ltd. and 290 East Bush, Inc. for qualified water, wastewater and drainage facilities within and outside the District. Under the terms of the agreement, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District’s obligation to issue bonds and reimburse 194 Bush, Ltd. and/ or 290 East Bush, Inc. for funds advanced for such facilities is subject to various conditions including the approval of such facilities and bonds by the TCEQ and the Texas Attorney General, and the recommendation of the District’s municipal advisor that the sale of the bonds is feasible and prudent. There are currently no advanced funds or costs outstanding and owed to be reimbursed under the Utility Construction Agreement. Consequently, the proceeds of the Bonds will not be utilized for reimbursement of the Developer.

The District is also a party to that certain Agreement for Reimbursement of Costs between the District and Lookout Apartments, LP, dated July 11, 2024, providing for reimbursement of certain operating costs to be advanced by Lookout Apartments, LP. However, such operating costs have not been incurred or advanced, and there are currently no advanced funds or costs outstanding and owed to be reimbursed under the Agreement for Reimbursement of Costs. Consequently, the proceeds of the Bonds will not be utilized for reimbursement of Lookout Apartments, LP.

THE SYSTEM

General

The, purchase, acquisition and construction of water, wastewater, and drainage facilities to be financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to Westwood Professional Services (the “Engineer”), the design of all such facilities has been approved by all governmental agencies which have jurisdiction over the District, with the exception of the design plans for the Phase 3 Drip Field Expansion and WWTP Effluent Tank Addition which have been submitted to, but not yet approved by, the City of Dripping Springs.

Construction and operation of the District’s waterworks, wastewater, and drainage facilities as they exist or as may be expanded from time to time is subject to the regulatory jurisdiction of federal and state authorities including but not limited to, the Environmental Protection Agency and the TCEQ.

Water System

Water is supplied to the District under an agreement that was originally with the Lower Colorado River Authority (“LCRA”) and was, on March 19, 2012, assigned to the West Travis County Public Utility Agency (“WTCPUA”). The LCRA sold portions of its water supply and distribution system to the WTCPUA pursuant to an Installment Purchase Agreement dated January 17, 2012. See “THE SYSTEM – WTCPUA”.

The WTCPUA provides water at the southern boundary of the District through an existing 20-inch waterline. Billings to individual residences are handled directly by the WTCPUA through an agreement with the District. The District’s agreement with the WTCPUA includes provisions for the operation, maintenance, and repair of the water system. The District is located within the WTCPUA’s CCN and, accordingly, the WTCUPA is obligated to provide water service to the area within its CCN.

Wastewater System

Wastewater treatment is provided by the District pursuant to a TCEQ approved 150,000 gallons per day (“GPD”) wastewater treatment and land disposal permit. The permit calls for an initial phase of 100,000 GPD and future phases increasing up to 150,000 GPD. The current plant has a capacity of approximately 150,000 GPD while the irrigation capacity is currently 100,000 GPD. Design has been completed on an irrigation system expansion which will increase the capacity to 120,000 GPD. The treated effluent storage capacity is sized for 111,000 gpd with an additional tank in design to increase the capacity to above 150,000 GPD. Current wastewater flows are approximately 67% of the existing approximately 150,000 GPD of the treatment capacity. Based on projected growth in the District, the existing treatment capacity should be sufficient to accommodate ultimate buildout of the District. However, irrigation capacity and storage capacity will need to increase to be sufficient for ultimate buildout. The projects to

increase both of these capacities will be funded in part by proceeds of the Bonds and proceeds of bonds issued by the District in 2022.

Drainage System

The storm drainage system that serves the District consists of curb and gutter streets and storm sewers that outfall into combination water quality treatment and detention ponds. The District currently operates two sand filtration water quality ponds, one water quality wet pond (with detention).

WTCPUA

The WTCPUA is a public utility agency governed by Chapter 572 of the Texas Local Government Code. It is organized and created by concurrent ordinance of Hays County, the City of Bee Cave, and West Travis County Municipal Utility District No. 5 (succeeded by Lake Pointe Municipal Utility District). The WTCPUA exercises the powers granted by Chapter 572 and the concurrent ordinance, including authority to own and operate a water and wastewater utility system. The WTCPUA is led by a five-member Board of Directors, with at least one director appointed and represented by each sponsor entity.

The WTCPUA was created to acquire, operate and own the LCRA West Travis County Water and Wastewater System (“WTC System”). The WTCPUA provides retail and wholesale water service to over 8,000 retail and wholesale customers. The WTCPUA also provides wastewater service to approximately 1,200 customers.

The WTCPUA purchased portions of the LCRA’s WTC System pursuant to an Installment Purchase Agreement. The WTCPUA is authorized to provide water and wastewater services, as applicable, within the WTC System area. WTCPUA began providing water service to the District in March 2012.

100-year Flood Plain

According to U.S.G.S. topographic maps and Federal Insurance Administration (“FIA”) maps, the District is relatively rolling terrain with elevations ranging from 1060 to 1200 feet above mean sea level. The land within the District slopes generally from 0% to 40%. Approximately 3.02 acres of the District lie within the FEMA 100-year flood plain. This acreage has been planned as open space and will not be used for development.

Future Debt

After the issuance of the Bonds, \$3,090,000 Unlimited Tax Bonds will remain authorized but unissued. To date, following issuance of the Bonds, there are currently no funds owed to the Developers on current development. In the opinion of the District’s Engineer, the \$3,090,000 authorized but unissued bonds should be sufficient to fully reimburse and provide utility service to the remaining undeveloped but potentially developable acreage.

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Water and Wastewater Operations

The WTCPUA establishes rates and fees for water service, subject to change from time to time. The following schedule sets forth the current WTCPUA (290/HPR District) rates and fees for the District’s water service amended September 24, 2025.

Water (Monthly Billing)

| | |
|----------------------------|------------|
| Base Rate 5/8” Meter | \$32.48 |
| Base Rate 3/4” Meter | \$49.03 |
| Base Fee 1” | \$89.20 |
| Base Fee 1 1/2” | \$174.39 |
| Base Fee 2” | \$203.08 |
| Base Fee 3” | \$335.79 |
| Base Fee 4” | \$549.05 |
| Base Fee 6” | \$1,810.38 |
| Base Fee 8” | \$2,192.82 |
| Base Fee 12” | \$3,785.37 |

Volumetric Rate

(Residential, Small Commercial, Irrigation & Fire Hydrant)

| | |
|------------------------|---------------------------|
| 0 to 10,000 | \$4.70 per 1,000 gallons |
| 10,001 to 20,000 | \$5.87 per 1,000 gallons |
| 20,001 to 35,000 | \$9.13 per 1,000 gallons |
| 35,001 to 50,000 | \$13.70 per 1,000 gallons |
| 50,001 to 80,000 | \$15.75 per 1,000 gallons |
| 80,001 and above..... | \$18.11 per 1,000 gallons |

Volumetric Charge – Commercial

| | |
|------------------|--------------------------|
| 1 and above..... | \$5.66 per 1,000 gallons |
|------------------|--------------------------|

Wastewater (Monthly Billing)

The Board of Directors establishes rates and fees for sewer service, subject to change from time to time. The following schedule sets forth the rates and fees for the District’s sewer service, which has been in effect since June 4, 2015.

Single Family

| | |
|--------------------------------------------------------------------------------------------------------|---------|
| Base Rate (includes 2,000 gallons)..... | \$25.00 |
| Per 1,000 gallons of winter average water usage (for 2,001 gallons & over) \$2.90 per 1,000 gallons | |

Non-Residential

| | |
|-----------------------------------------|---------|
| Base Rate (includes 2,000 gallons)..... | \$25.00 |
|-----------------------------------------|---------|

Non-Residential Volumetric Wastewater Rates

| | |
|-------------------------------|------------------------------|
| 0 to 2,000 per LUE..... | Included in Mo. Usage Charge |
| 2,001 to 5,000 per LUE..... | \$2.90 per 1,000 gallons |
| 5,001 to 7,000 per LUE..... | \$9.00 per 1,000 gallons |
| 7,001 to 10,000 per LUE..... | \$11.00 per 1,000 gallons |
| 10,001 to 15,000 per LUE..... | \$13.00 per 1,000 gallons |
| 15,001 to 20,000 per LUE..... | \$15.00 per 1,000 gallons |
| 20,001 and above..... | \$17.00 per 1,000 gallons |

Wastewater Operating Statement

The following statement sets forth in condensed form the historical operations of the District's water and sewer system. Such summary has been prepared upon information obtained from the District's audited financial statements and records. Reference is made to such statements for further and more complete information. Water operations are provided through a contract with WTCPUA. See "APPENDIX A – District Audited Financial Statement".

| | Fiscal Year End | | | | |
|-----------------------------------------|------------------------|--------------------|------------------|-------------------|------------------|
| | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> |
| REVENUES | | | | | |
| Property Taxes | \$1,087,313 | \$804,206 | \$597,314 | \$595,906 | \$558,742 |
| Service Revenues | 387,696 | 260,791 | 194,912 | 166,492 | 128,039 |
| Sales Tax Revenues | 73,181 | 126,864 | - | - | - |
| Tap Connection Fees | 14,171 | 357,909 | 811 | 2,729 | 1,310 |
| Miscellaneous and Interest | <u>39,783</u> | <u>16,182</u> | <u>69,697</u> | <u>17,432</u> | <u>159</u> |
| TOTAL REVENUES | \$1,602,144 | \$1,565,952 | \$862,734 | \$782,559 | \$688,250 |
| EXPENDITURES | | | | | |
| Service Operations: | | | | | |
| Auditing | \$15,500 | \$14,300 | \$14,000 | \$12,000 | \$14,500 |
| Engineering | 137,365 | 152,628 | 7,834 | 141,258 | 80,821 |
| Management | - | - | 95,642 | 64,099 | 58,200 |
| Legal | 268,978 | 231,732 | 61,562 | 87,315 | 78,510 |
| Financial Advisor | - | 6,000 | - | 2,500 | 2,500 |
| Arbitrage Rebate | - | - | - | 550 | - |
| Tax Appraisal/Collection | - | - | 3,326 | 3,987 | 3,824 |
| Bookkeeping | 23,220 | 23,127 | 24,327 | 18,473 | 18,000 |
| Operations and Billing | 247,197 | 194,057 | - | 19,971 | 19,056 |
| Utilities | 38,443 | 33,141 | 33,222 | 30,606 | 23,922 |
| Repairs and Maintenance | 195,590 | 285,984 | 383,622 | 297,886 | 246,397 |
| Director Fees (Including Payroll Taxes) | 27,259 | 36,012 | 20,668 | 12,802 | 10,858 |
| Insurance | 20,344 | 26,256 | 12,094 | 4,322 | 11,144 |
| Website and Other | 4,760 | 17,200 | 11,353 | 9,033 | 16,900 |
| Legal Notices | - | - | - | - | 925 |
| Capital Outlay | 30,900 | 118,724 | - | - | 14,576 |
| Chemicals | 7,187 | 6,425 | 12,344 | 12,456 | 18,636 |
| Laboratory Fees | 31,182 | 21,434 | 17,822 | 17,283 | 20,068 |
| Permit Fees and Regulatory Assessments | - | 24,922 | - | - | - |
| Sludge Hauling | 88,005 | 32,418 | 92,697 | 37,849 | 38,592 |
| Reuse Irrigation | - | - | 10,784 | 11,140 | 10,858 |
| Drainage System | - | - | 20,768 | 10,171 | 3,882 |
| Landscaping | - | - | - | <u>65,625</u> | - |
| TOTAL EXPENDITURES | \$1,135,930 | \$1,224,360 | \$822,065 | \$859,326 | \$692,169 |
| NET CHANGE IN FUND BALANCES | \$466,214 | \$341,592 | \$40,669 | (\$76,767) | (\$3,919) |
| FUND BALANCE (DEFICIT): | | | | | |
| Beginning of Year | <u>\$635,271</u> | <u>\$293,679</u> | <u>\$253,010</u> | <u>\$329,777</u> | <u>\$333,696</u> |
| Correction of Error | \$195,199 (a) | - | - | - | - |
| End of Year | <u>\$1,296,684</u> | <u>\$635,271</u> | <u>\$293,679</u> | <u>\$253,010</u> | <u>\$329,777</u> |

(a) The District discovered during the current fiscal year that it had overstated certain liabilities for professional and contracted services as well as understated receivables for service revenues in prior years. The prior period adjustments to correct such misstatements resulted in the increase to the General Fund fund balance and net position of \$195,199.

DEBT SERVICE REQUIREMENTS

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

\$4,350,000

Unlimited Tax Bonds, Series 2026

Issue Dated: May 1, 2026

First Interest Payment Due: September 1, 2026

| Year Ending 12/31 | Outstanding Bonds | | Total | Series 2026 | | Total | Principal & Interest | Total Debt Service Requirement |
|-------------------|---------------------|--------------------|---------------------|-----------------------|----------------------|--------------------|----------------------|--------------------------------|
| | Principal | Interest | | Principal (Due 09/01) | Interest (Due 09/01) | | | |
| 2026 | 555,000 | 519,493 | 1,074,493 | | 79,750 | 79,750 | 79,750 | 1,154,243 |
| 2027 | 580,000 | 501,508 | 1,081,508 | 25,000 | 119,625 | 239,250 | 264,250 | 1,345,758 |
| 2028 | 600,000 | 482,475 | 1,082,475 | 25,000 | 118,938 | 237,875 | 262,875 | 1,345,350 |
| 2029 | 635,000 | 462,786 | 1,097,786 | 25,000 | 118,250 | 236,500 | 261,500 | 1,359,286 |
| 2030 | 845,000 | 441,413 | 1,286,413 | 50,000 | 117,563 | 235,125 | 285,125 | 1,571,538 |
| 2031 | 875,000 | 412,825 | 1,287,825 | 50,000 | 116,188 | 232,375 | 282,375 | 1,570,200 |
| 2032 | 905,000 | 383,119 | 1,288,119 | 50,000 | 114,813 | 229,625 | 279,625 | 1,567,744 |
| 2033 | 940,000 | 351,919 | 1,291,919 | 50,000 | 113,438 | 226,875 | 276,875 | 1,568,794 |
| 2034 | 975,000 | 318,869 | 1,293,869 | 50,000 | 112,063 | 224,125 | 274,125 | 1,567,994 |
| 2035 | 1,010,000 | 284,200 | 1,294,200 | 50,000 | 110,688 | 221,375 | 271,375 | 1,565,575 |
| 2036 | 1,050,000 | 248,119 | 1,298,119 | 50,000 | 109,313 | 218,625 | 268,625 | 1,566,744 |
| 2037 | 1,085,000 | 209,494 | 1,294,494 | 50,000 | 107,938 | 215,875 | 265,875 | 1,560,369 |
| 2038 | 1,130,000 | 169,519 | 1,299,519 | 50,000 | 106,563 | 213,125 | 263,125 | 1,562,644 |
| 2039 | 1,170,000 | 127,225 | 1,297,225 | 50,000 | 105,188 | 210,375 | 260,375 | 1,557,600 |
| 2040 | 1,210,000 | 86,275 | 1,296,275 | 50,000 | 103,813 | 207,625 | 257,625 | 1,553,900 |
| 2041 | 1,255,000 | 43,925 | 1,298,925 | 50,000 | 102,438 | 204,875 | 254,875 | 1,553,800 |
| 2042 | | - | - | 845,000 | 101,063 | 202,125 | 1,047,125 | 1,047,125 |
| 2043 | | - | - | 895,000 | 77,825 | 155,650 | 1,050,650 | 1,050,650 |
| 2044 | | - | - | 940,000 | 53,213 | 106,425 | 1,046,425 | 1,046,425 |
| 2045 | | - | - | 995,000 | 27,363 | 54,725 | 1,049,725 | 1,049,725 |
| | \$14,820,000 | \$5,043,161 | \$19,863,161 | \$4,350,000 | \$1,936,275 | \$3,952,300 | \$8,302,300 | \$28,165,461 |

FINANCIAL STATEMENT
(Unaudited)

Assessed Value

| | |
|---------------------------------------------------------------------------------------------|-------------------|
| 2025 Assessed Valuation..... | \$281,184,084 (a) |
| Estimated Preliminary Valuation (As of January 1, 2026) | \$286,923,742 (b) |
| Gross Debt Outstanding (after issuance of the Bonds)..... | \$19,170,000 (c) |
| Interest and Sinking Fund Balance as of September 30, 2025..... | \$951,237(d) |
| Ratio of Gross Debt to 2025 Assessed Valuation..... | 6.82% |
| Ratio of Gross Debt to 2026 Est. Preliminary Assessed Valuation as of January 1, 2026 | 6.68% |

Estimated as of January 2026 Population: 2,433 (e)

- (a) Certified Taxable Assessed Value within the District as provided by the Hays Central Appraisal District (“HCAD”). See “TAXING PROCEDURES”.
- (b) Provided by the HCAD, as of January 1, 2026, for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2026 and includes a preliminary estimate of values resulting from the construction of taxable improvements from January 1, 2025, through December 31, 2025. Moreover, the ultimate Assessed Valuation of any improvements added from January 1, 2025, through December 31, 2025, which will be placed on the District’s 2026 tax roll, may vary from such estimate once the Appraisal Review Board certifies the value thereof for January 1, 2026, and the ultimate Assessed Valuation of any improvements added from January 1, 2025, through December 31, 2025, which will be placed on the District’s 2026 tax roll, may vary from such estimate once the Appraisal Review Board certified the value thereof in 2026.
- (c) After issuance of the Bonds. See “DEBT SERVICE REQUIREMENTS”.
- (d) Included in the sale of Bonds is an estimated \$239,250 in capitalized interest which will be deposited to the Interest and Sinking Fund upon closing. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Interest and Sinking Fund.
- (e) Based on 3.5 residents per active single-family connection and 2 residents for the Multi-Family.

Unlimited Tax Bonds Authorized but Unissued

| <u>Date Authorization</u> | <u>Purpose</u> | <u>Authorized</u> | <u>Issued to Date</u> | <u>Unissued</u> |
|-------------------------------|---------------------|---------------------|---------------------------|--------------------|
| 02/05/05 | Water, WW, Drainage | <u>\$26,280,000</u> | <u>\$ 23,190,000</u> (a) | <u>\$3,090,000</u> |
| Total | | \$26,280,000 | \$ 23,190,000 (a) | \$3,090,000 |

(a) Including the Bonds.

Refunding Bonds Authorized but Unissued

| <u>Date Authorization</u> | <u>Purpose</u> | <u>Authorized</u> | <u>Issued to Date</u> | <u>Issued from Rfdg. Authorization</u> | <u>Unissued</u> |
|-------------------------------|---------------------|-------------------|---------------------------|--------------------------------------------|-----------------|
| 02/05/05 | Water, WW, Drainage | \$26,280,000 | \$2,245,000 | \$215,000 | \$26,065,000 |

Outstanding Bonds

| <u>A. Dated Date</u> | <u>Series</u> | <u>Purpose</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding 4/1/2026</u> |
|--------------------------|---------------|---------------------|------------------------------------------|----------------------------------------------------------|
| 01/01/2013 | 2013 | Water, WW, Drainage | \$3,000,000 | \$2,175,000 |
| 02/05/2015 | 2015 (a) | Refunding | 2,245,000 | 790,000 |
| 04/01/2018 | 2018 | Water, WW, Drainage | 5,250,000 | 3,955,000 |
| 04/01/2022 | 2022 | Water, WW, Drainage | 8,000,000 | 7,900,000 |
| 4/1/2026 | 2026 | Water, WW, Drainage | <u>4,350,000</u> (b) | <u>4,350,000</u> |
| | | | \$22,845,000 | \$19,170,000 |

(a) Refunded the 2010 Bonds.

(b) The Bonds.

Cash and Investment Balances (Audited as of September 30, 2025)

| | |
|-----------------------|---------------|
| Operating Fund | \$1,296,684 |
| Debt Service Fund | \$951,237 (a) |
| Capital Projects Fund | \$1,886,266 |

(a) Included in the sale of Bonds is an estimated \$239,250 in capitalized interest which will be deposited to the Interest and Sinking Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Interest and Sinking Fund.

Investment Authority and Investment Practices of the District

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

Current Investments

Currently excess funds are invested in TexPool. This investment portfolio is generally representative of the District's investment practices although the District has in the past or may in the future also invest in authorized Government Securities. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements. The District currently marks its investments to market price monthly.

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Estimated Overlapping Debt Statement

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

| <u>Taxing Body</u> | <u>Gross Debt</u> | | <u>% of Overlpg. Gross Debt</u> | <u>Amount of Overlpg. Gross Debt</u> |
|-----------------------------------------------------------------------------------------------------|-------------------|--------------|---------------------------------|--------------------------------------|
| | <u>Amount</u> | <u>As of</u> | | |
| Dripping Springs ISD | \$602,730,000 | 3/31/2026 | 2.25% | \$13,561,425 |
| Hays County | \$695,683,512 | 3/31/2026 | 0.47% | <u>\$3,269,713</u> |
| TOTAL ESTIMATED OVERLAPPING NET DEBT | | | | \$16,831,138 |
| The District (a) | | 4/1/2026 | 100.00% | <u>\$19,170,000</u> |
| TOTAL ESTIMATED DIRECT AND OVERLAPPING GROSS DEBT | | | | <u>\$36,001,138</u> |
| Ratio of Direct & Overlapping Net Debt to 2025 Assessed Valuation | | | | 12.80% |
| Ratio of Direct & Overlapping Net Debt to 2026 Preliminary Assessed Valuation as of January 1, 2026 | | | | 12.55% |

(a) After issuance of the Bonds.

Overlapping Taxes

| <u>Overlapping Entity</u> | <u>2025 Tax Rate Per \$100 Assessed Valuation</u> | <u>Average Tax Bill (a)</u> |
|----------------------------------------------|---------------------------------------------------|-----------------------------|
| Hays County | \$0.35730 | \$1,964 |
| Dripping Springs Independent School District | 1.10520 | 6,076 |
| North Hays County ESD No. 1 | 0.05000 | 275 |
| Hays County ESD No. 6 | 0.08024 | 441 |
| Special Road District | 0.04260 | 234 |
| The District | <u>0.89890</u> | <u>4,942</u> |
| Total | <u>\$2.53424</u> | <u>\$13,932</u> |

(a) Based upon the 2025 average single-family homestead value of \$549,759.

TAX DATA

Classification of Assessed Valuation (a)

| <u>Type of Property</u> | <u>2026</u> | | <u>2025</u> | | <u>2024</u> | |
|-----------------------------|-----------------|--------------|-------------------|--------------|-------------------|--------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Real, Res., Single-Family | \$128,469,572 | 43.62% | \$125,459,960 | 43.71% | \$126,112,992 | 51.41% |
| Real, Res., Multi-Family | 92,384,505.00 | 31.36% | 89,561,705.00 | 31.21% | 72,266,534.00 | 29.46% |
| Real, Vacant Lots | 2,251,860.00 | 0.76% | 2,474,313.00 | 0.86% | 2,533,008.00 | 1.03% |
| Real, Farm/Ranch Impr. | 2,132,750.00 | 0.72% | 991,480.00 | 0.35% | 742,715.00 | 0.30% |
| Real, Commercial & Indust. | 64,400,426.00 | 21.86% | 63,536,179.00 | 22.14% | 40,141,970.00 | 16.36% |
| Tangible Personal, Business | 4,901,798.00 | 1.66% | 4,473,018.00 | 1.56% | 3,203,977.00 | 1.31% |
| Real, Inventory | 0.00 | 0.00% | 0.00 | 0.00% | 0.00 | 0.00% |
| Exempt | <u>8,414.00</u> | <u>0.00%</u> | <u>503,083.00</u> | <u>0.18%</u> | <u>312,514.00</u> | <u>0.13%</u> |
| Total | 294,549,325.00 | 100.00% | 286,999,738.00 | 100.00% | 245,313,710.00 | 100.00% |

(a) Reflects classification of assessed valuation as supplied by the Hays Central Appraisal District ("HCAD") prior to adjustments or exemptions. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by HCAD.

Tax Collections

The following statement of tax collections reflects the historical tax collection experience of the District. Such summary has been prepared for inclusion herein based upon information from District audits and records of the District Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information. See "Classification of Assessed Valuation" above.

| Tax Year | Taxable Assessed Valuation | Tax Rate | Levy | Current | % Collections ^{(a)(b)} | | Year Ending | |
|----------|----------------------------|----------|-------------|-------------|---------------------------------|--------------|-------------|-----------|
| | | | | | Total | | | |
| 2020 | \$154,393,952 | 0.8500 | \$1,312,433 | \$1,315,190 | 100.21% | \$ 1,312,434 | 100.00% | 9/30/2021 |
| 2021 | \$172,305,684 | 0.8344 | \$1,437,805 | \$1,438,037 | 100.02% | \$ 1,437,805 | 100.00% | 9/30/2022 |
| 2022 | \$199,812,954 | 0.8184 | \$1,635,269 | \$1,656,310 | 101.29% | \$ 1,635,269 | 100.00% | 9/30/2023 |
| 2023 | \$216,372,442 | 0.8500 | \$1,839,166 | \$1,863,079 | 101.30% | \$ 1,835,563 | 99.80% | 9/30/2024 |
| 2024 | \$237,181,324 | 0.8989 | \$2,132,174 | \$2,128,053 | 99.81% | \$ 2,128,053 | 99.81% | 9/30/2025 |
| 2025 | \$281,184,084 | 0.8989 | \$2,527,564 | \$2,453,136 | 96.99% | \$ 2,489,406 | 98.42% | 9/30/2026 |

(a) The 2025 tax collections through March 24, 2026. Tax bills go out on October 1 and are due by January 31 of the following year.

(b) Includes refunds, and supplement corrections.

District Tax Rates

| Tax Rate Per \$100 A.V. | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Debt Service | \$0.5025 | \$0.4396 | \$0.4829 | \$0.5223 | \$0.4884 |
| Maintenance | <u>0.3964</u> | <u>0.4593</u> | <u>0.3671</u> | <u>0.2961</u> | <u>0.3460</u> |
| Total | \$0.8989 | \$0.8989 | \$0.8500 | \$0.8184 | \$0.8344 |

Tax Rate Limitation

The District's tax rate for debt service on the Bonds is legally unlimited as to rate or amount.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes, which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any tax bonds which may be issued in the future. On February 5, 2005 a \$0.50 maintenance tax was authorized by the voters. At an election held within the District on May 12, 2007, voters of the District authorized the levy of a \$1.50 maximum for maintenance tax. As shown above under "District Tax Rates," the District levied a maintenance and operations tax of \$0.3964 per \$100 assessed valuation for tax year 2025 and a \$0.4593 per \$100 assessed valuation for maintenance and operation for tax year 2024.

Top Ten Taxpayers

The following list of principal taxpayers was provided by Hays Central Appraisal District based on the 2025 and 2024 tax rolls of the District, which reflect ownership as of January 1, of each year shown.

| <u>Taxpayer</u> | <u>Type of Property</u> | <u>2026</u> | <u>2025</u> | <u>2024</u> |
|------------------------------------------|-------------------------|---------------|---------------|----------------|
| Anthem Ledge Stone Apartment Homes LLC | Apartments | \$50,264,504 | \$46,200,000 | \$52,956,132 |
| Lookout Apartments LP | Apartments | 42,120,001 | 43,003,566 | 19,310,402 |
| W-C Ledgestone Owner IX LP | Real and Improved | 37,118,330 | 40,572,788 | (a) |
| Marlay Ledgestone LLC | Real and Improved | 10,822,330 | 10,612,341 | (a) |
| VBAK Holdings LLC | Commercial | 2,713,780 | (a) | (a) |
| Shops at Ledgestone LLC | Commercial | 2,620,840 | 2,484,032 | 2,229,130 |
| Lewis RR Dripping Springs LLC | Real and Improved | 1,440,000 | 1,200,000 | 1,000,000 |
| Fike Family Trust | Real and Improved | 1,170,240 | 1,170,240 | (a) |
| Chuy's Opco Inc. | Real and Improved | 1,122,150 | 964,289 | (a) |
| Winema Land Company LLC | Real and Improved | 1,114,270 | 1,114,270 | 988,580 |
| AC Ledgestone Owner LLC | Apartments | (a) | (a) | 26,500,000 |
| Ledgestone East Unit 7 LP | Apartments | (a) | (a) | 2,281,020 |
| Ledgestone East Unit 5 LP | Apartments | (a) | (a) | 1,659,350 |
| Ledgestone Properties LP | Real and Improved | (a) | 990,793 | (a) |
| Ledgestone Assisted + Independent Living | Senior Living | (a) | (a) | 899,577 |
| Ledgestone Properties LP | Apartments | <u>(a)</u> | <u>(a)</u> | <u>893,470</u> |
| Total | | \$150,506,445 | \$148,312,319 | \$108,717,661 |
| Percent of Assessed Valuation | | 52.46% | 52.75% | 45.84% |

(a) Not a top ten taxpayer for respective year.

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Tax Adequacy for Debt Service

The calculations shown below are solely for purposes of illustration only and are based on the certified assessed value for 2025, or the estimated preliminary valuation as of January 1, 2026, as applicable and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - Impact on District Tax Rates."

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Projected Average Annual Debt Service Requirements including the Bonds (2026 through 2045 inclusive)..... | \$1,408,273 |
| \$0.53 Tax Rate on 2025 Assessed Valuation \$281,184,084 @ 95% collections will produce | \$1,415,762 |
| \$0.52 Tax Rate on 2026 Preliminary Assessed Valuation as of January 1, 2026 of \$286,923,742 @ 95% collections will produce | \$1,417,403 |
| Projected Maximum Annual Debt Service Requirements including the Bonds (2030) | \$1,571,538 |
| \$0.59 Tax Rate on 2025 Assessed Valuation \$281,184,084 @ 95% collections will produce | \$1,576,037 |
| \$0.58 Tax Rate on 2026 Preliminary Assessed Valuation as of January 1, 2026 of \$286,923,742 @ 95% collections will produce | \$1,580,950 |

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TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the outstanding 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 such a tax from year-to-year as described more fully herein under "THE BONDS - Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its waterworks, wastewater, and drainage systems and for the payment of certain contractual obligations if authorized by its voters. The District's electors have authorized a levy of such maintenance tax in the amount of \$1.50 per \$100 of assessed valuation. See "TAX DATA - Tax Rate Limitation".

Property Tax Code and District-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. 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; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain household goods, wares and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development organizations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles.

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 assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value 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 a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action; or (ii) fatally injured in the line of duty, 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. See "TAX DATA."

In addition, the District may by its own action exempt 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 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.

Residential Homestead Exemptions: Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption. To the extent the District adopts a residential homestead exemption at a future date, it must be adopted by July 1 of the applicable year to be effective.

Agricultural, Open Space, Timberland and Inventory Deferment: State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land.

Freeport Goods 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 only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has not taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement: Hays County may designate all or a part of the area within the District as a reinvestment zone. Thereafter, Hays County, the City of Dripping Springs (if were to annex the District) and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvement or repairs to the property in conformity with a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone and the District has not executed any abatement agreements.

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

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. State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) 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 countywide basis.

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

District and Taxpayer Remedies

The chief appraiser must give written notice before the Appraisal Review Board meeting to each owner if a reappraisal has resulted in an increase in value over the prior year or the value rendered by the owner, or if property not previously included on the appraisal roll has been appraised. Any owner who has timely filed notice with the Appraisal Review Board may appeal the final determination by the Appraisal Review Board of the owner's protest by filing suit in Texas district court. Prior to such appeal, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. The District is entitled to challenge certain matters before the Appraisal Review Board, including the level of appraisal of a certain category of property, the exclusion of property from the appraisal records, the grant in whole or in part of a partial exemption, or a determination that land qualifies for special-use appraisal (agricultural or timber classification, for example). The District may not, however, protest a valuation of individual property.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda, which could result in the repeal of certain tax increases. The Property Tax Code also establishes

a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code.

The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate in excess of 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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average

appraised value of a residence homestead in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on parity with tax liens of such other taxing units (see "FINANCIAL STATEMENT – Overlapping Taxes"). 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.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS - Tax Collections and Foreclosure Remedies."

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. See "INVESTMENT CONSIDERATIONS - Bankruptcy Limitation to Owners' Rights."

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law, and the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds will not be subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustments for corporations

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by one or more officers of the District, substantially to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult

their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

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

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

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 material events, to the Municipal Securities Rulemaking Board (the "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 District will provide certain updated financial information to certain information to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement and in Appendix A. The District will update and provide this information within six months after the end of each fiscal year. The updated information will include audited financial statements, if they are completed by the required time. If audited financial statements are not available by the required time, then the District shall provide unaudited financial statements to MSRB within such time and audited financial statements when same become available. Any such financial statements will be prepared in accordance with the

accounting principles described in Appendix A 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 may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

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

Event Notices

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

For purposes of the event numbered (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under a U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement of liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the District. A "financial obligation" as described in (15) and (16) above means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, and existing or planned obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it pursuant to the Rule.

MUNICIPAL ADVISOR

The Official Statement was compiled and edited under the supervision of SAMCO Capital Markets, Inc. (the "Municipal Advisor"), which firm was employed in 2003 as Municipal Advisor to the District. The fees paid the Municipal Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement was compiled and edited by the Municipal Advisor. In addition to compiling and editing such information, the Municipal Advisor has obtained the information set forth herein under the captions indicated from the following sources:

"THE DISTRICT"; Westwood Professional Services ("Engineer"), Dripping Springs Independent School District, and 290 East Bush Inc., ("Developers"); "DEVELOPERS/LANDOWNERS" – the Developers; "THE SYSTEM" – Engineer; "FINANCIAL STATEMENT" – Records of the District ("Records") and Hays Central Appraisal District; "ESTIMATED OVERLAPPING DEBT STATEMENT" – Municipal Advisory Council of Texas; "TAX DATA" and "THE SYSTEM" – Audits, Records and Tax Assessor/Collector; "THE DISTRICT – General," "THE DISTRICT" – Management of the District – District Directors; "THE BONDS" (except for the information under the subheadings "Payment Record," "Consolidation," and "Alteration of Boundaries"), "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "Compliance with Prior Undertakings"); "TAXING PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS – Legal Proceedings" – Orrick, Herrington & Sutcliffe LLP; "THE DISTRICT" – Management of the District – District Directors; and "EXTRATERRITORIAL JURISDICTION AND ANNEXATION" – the General Counsel – Law Office of Matthew B. Kutac PLLC

Experts

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

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

Appraisal District: The information contained in the Official Statement relating to the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "FINANCIAL STATEMENT" and "TAX DATA" has been provided by the Hays Central Appraisal District, in reliance upon the authority as experts in appraising and tax assessing.

Tax Assessor/Collector: The information contained in this Official Statement relating to principal taxpayers and tax collection rates has been provided by Ms. Jennifer Escobar in reliance upon her authority as an expert in the field of tax assessing and collecting.

Auditor: The information contained in Appendix A in this official Statement has been provided by McCall Gibson Swedlund Barfoot Ellis PLLC, the District's current auditor.

Updating the Official Statement During Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. The obligation of the District to

update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all the Bonds have been sold to ultimate customers on or before such date, in which case the District’s obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification as to Official Statement

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

President, Board of Directors
Hays County Municipal Utility District No. 4

Secretary, Board of Directors
Hays County Municipal Utility District No. 4

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PHOTOGRAPHS

The following photographs were taken in the District in April 2026. The homes shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

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APPENDIX A
District Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Hays County Municipal Utility District No. 4 for the fiscal year ended September 30, 2025. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

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HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

HAYS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hays County Municipal Utility District No. 4
Hays County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Hays County Municipal Utility District No. 4 (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of Error

As described in Note 10 to the financial statements, the District's financial statements as of and for the year ended September 30, 2024, have been restated to correctly account for prior period payables and receivables. Our opinions are not modified with respect to this matter.

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 any 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.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 21, 2026

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Management’s discussion and analysis of the financial performance of Hays County Municipal Utility District No. 4 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective 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 all the District’s assets, liabilities and deferred 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 as a whole 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, customer service revenues, operating 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.

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. 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, assets and deferred outflows exceeded liabilities by \$635,234 as of September 30, 2025. A portion of the District's net position reflects its net investment in capital assets which include land and utilities infrastructure less any debt used to acquire those assets that is still outstanding.

The 2024 columns included in the tables on the following page have been adjusted to correctly reflect certain balances, as more fully discussed in Note 10.

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

| | Summary of Changes in the Statement of Net Position | | |
|-----------------------------------------------------|-----------------------------------------------------|----------------|----------------------------------|
| | 2025 | 2024 | Change Positive (Negative) |
| Current and Other Assets | \$ 4,413,858 | \$ 3,917,022 | \$ 496,836 |
| Capital Assets (Net of Accumulated Depreciation) | 11,167,258 | 11,303,908 | (136,650) |
| Total Assets | \$ 15,581,116 | \$ 15,220,930 | \$ 360,186 |
| Deferred Outflows of Resources | \$ 27,736 | \$ 34,144 | \$ (6,408) |
| Bonds Payable | \$ 14,658,434 | \$ 15,183,327 | \$ 524,893 |
| Other Liabilities | 315,184 | 227,812 | (87,372) |
| Total Liabilities | \$ 14,973,618 | \$ 15,411,139 | \$ 437,521 |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ (1,577,174) | \$ (1,868,623) | \$ 291,449 |
| Restricted | 912,035 | 880,530 | 31,505 |
| Unrestricted | 1,300,373 | 832,028 | 468,345 |
| Total Net Position | \$ 635,234 | \$ (156,065) | \$ 791,299 |

The following table provides a summary of the District's operations for the years ended September 30, 2025, and September 30, 2024.

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---------------------------------------------------|--------------|----------------------------------|
| | 2025 | 2024 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | \$ 2,134,369 | \$ 1,862,569 | \$ 271,800 |
| Charges for Services | 401,867 | 618,700 | (216,833) |
| Other Revenues | 239,405 | 253,131 | (13,726) |
| Total Revenues | \$ 2,775,641 | \$ 2,734,400 | \$ 41,241 |
| Expenses for Services | 1,984,342 | 1,998,826 | 14,484 |
| Change in Net Position | \$ 791,299 | \$ 735,574 | \$ 55,725 |
| Net Position, Beginning of Year | (156,065) | (891,639) | 735,574 |
| Net Position, End of Year | \$ 635,234 | \$ (156,065) | \$ 791,299 |

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2025, were \$4,134,187, an increase of \$403,504 from the prior year.

The General Fund fund balance increased by \$466,214, primarily due to operating revenues and property tax revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by \$27,676, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance decreased by \$90,386 primarily due to capital costs exceeding investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the current fiscal year. The budget was not amended. Actual revenues were \$134,437 more than budgeted revenues, actual expenditures were \$413,188 less than budgeted expenditures, and transfers in were \$200,000 less than budgeted which resulted in a positive variance of \$347,625. See the budget to actual comparison for more detailed information.

CAPITAL ASSETS

Capital assets as of September 30, 2025, total \$11,167,258 (net of accumulated depreciation) and include land and utilities infrastructure.

| Capital Assets At Year-End | | | |
|-----------------------------------------|---------------|---------------|----------------------------------|
| | 2025 | 2024 | Change Positive (Negative) |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 132,167 | \$ 132,167 | \$ |
| Construction in Progress | 358,224 | 197,463 | 160,761 |
| Capital Assets Subject to Depreciation: | | | |
| Utilities Infrastructure | 13,163,164 | 13,163,164 | |
| Less Accumulated Depreciation | (2,486,297) | (2,188,886) | (297,411) |
| Total Net Capital Assets | \$ 11,167,258 | \$ 11,303,908 | \$ (136,650) |

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$14,820,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

| | |
|---------------------------------------|----------------------|
| Bond Debt Payable, October 1, 2024 | \$ 15,355,000 |
| Less: Bond Principal Paid | <u>(535,000)</u> |
| Bond Debt Payable, September 30, 2025 | <u>\$ 14,820,000</u> |

The District’s Series 2018 Bonds and Series 2022 Bonds carry underlying ratings of “Baa3” and carry insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2015 Refunding Bonds were sold via private placement and do not carry underlying nor insured ratings. Series 2013 Bonds do not carry underlying nor insured ratings. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2026 projects an increase in General Fund fund balance of \$5,417. Revenues are budgeted to be \$1,503,251 while expenditures are budgeted to be \$1,497,834. The fiscal year 2025 tax rate has been established at \$0.8989 on each \$100 of taxable value, with 56% of the property tax will be used to fund debt service and 44% to fund general operations.

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 Hays County Municipal Utility District No. 4, c/o Winstead PC (Hahn), 600 W. 5th Street, Suite 900, Austin, Texas 78701.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

| | General Fund | Debt Service Fund |
|------------------------------------------------------------|---------------------|----------------------|
| ASSETS | | |
| Cash | \$ 87,997 | \$ |
| Investments | 1,044,629 | 950,419 |
| Receivables: | | |
| Property Taxes | 3,689 | 4,089 |
| Service Accounts | 2,551 | |
| Other | 27,007 | |
| Due from Other Funds | | 818 |
| Prepaid Costs | 399,460 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| TOTAL ASSETS | \$ 1,565,333 | \$ 955,326 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refunding Bonds | \$ - 0 - | \$ - 0 - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 1,565,333 | \$ 955,326 |

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

| <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|----------------------------------|---------------------------|----------------------|--------------------------------------|
| \$ 1,894,017 | \$ 1,982,014 1,995,048 | \$ | \$ 1,982,014 1,995,048 |
| | 7,778 | | 7,778 |
| | 2,551 | | 2,551 |
| | 27,007 | | 27,007 |
| | 818 | (818) | |
| | 399,460 | | 399,460 |
| | | 132,167 | 132,167 |
| | | 358,224 | 358,224 |
| | | <u>10,676,867</u> | <u>10,676,867</u> |
| <u>\$ 1,894,017</u> | <u>\$ 4,414,676</u> | <u>\$ 11,166,440</u> | <u>\$ 15,581,116</u> |
| <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | <u>\$ 27,736</u> | <u>\$ 27,736</u> |
| <u>\$ 1,894,017</u> | <u>\$ 4,414,676</u> | <u>\$ 11,194,176</u> | <u>\$ 15,608,852</u> |

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

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

| | General Fund | Debt Service Fund |
|-------------------------------------------------------------------------------|---------------------|----------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 195,459 | \$ |
| Accrued Interest Payable | | |
| Developer Deposits | 68,683 | |
| Due to Other Funds | 818 | |
| Long-Term Liabilities: | | |
| Bonds Payable, Due Within One Year | | |
| Bonds Payable, Due After One Year | | |
| TOTAL LIABILITIES | \$ 264,960 | \$ -0- |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes | \$ 3,689 | \$ 4,089 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid Costs | \$ 399,460 | \$ |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 951,237 |
| Unassigned | 897,224 | |
| TOTAL FUND BALANCES | \$ 1,296,684 | \$ 951,237 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 1,565,333 | \$ 955,326 |
| 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.

| <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|----------------------------------|---------------------|-----------------------|--------------------------------------|
| \$ 7,751 | \$ 203,210 | \$ | \$ 203,210 |
| | 68,683 | 43,291 | 43,291 |
| | 818 | (818) | 68,683 |
| | | 555,000 | 555,000 |
| | | <u>14,103,434</u> | <u>14,103,434</u> |
| <u>\$ 7,751</u> | <u>\$ 272,711</u> | <u>\$ 14,700,907</u> | <u>\$ 14,973,618</u> |
| <u>\$ - 0 -</u> | <u>\$ 7,778</u> | <u>\$ (7,778)</u> | <u>\$ -0-</u> |
| \$ 1,886,266 | \$ 399,460 | \$ (399,460) | \$ |
| | 1,886,266 | (1,886,266) | |
| | 951,237 | (951,237) | |
| | <u>897,224</u> | <u>(897,224)</u> | |
| <u>\$ 1,886,266</u> | <u>\$ 4,134,187</u> | <u>\$ (4,134,187)</u> | <u>\$ - 0 -</u> |
| <u>\$ 1,894,017</u> | <u>\$ 4,414,676</u> | | |
| | | \$ (1,577,174) | \$ (1,577,174) |
| | | 912,035 | 912,035 |
| | | <u>1,300,373</u> | <u>1,300,373</u> |
| | | <u>\$ 635,234</u> | <u>\$ 635,234</u> |

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

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**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

| | | |
|------------------------------------------|----|-----------|
| Total Fund Balances - Governmental Funds | \$ | 4,134,187 |
|------------------------------------------|----|-----------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|
| Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. | | 27,736 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | | 11,167,258 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District. | | 7,778 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

Long-term 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:

| | | |
|----------------------------------------------|---------------------|--------------------------|
| Accrued Interest Payable | \$ (43,291) | |
| Bonds Payable | <u>(14,658,434)</u> | <u>(14,701,725)</u> |
| Total Net Position - Governmental Activities | | <u><u>\$ 635,234</u></u> |

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

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | General Fund | Debt Service Fund |
|--------------------------------------------------------|---------------------|----------------------|
| REVENUES | | |
| Property Taxes | \$ 1,087,313 | \$ 1,042,885 |
| Service Revenues | 387,696 | |
| Sales Tax Revenues | 73,181 | |
| Capacity, Connection and Inspection Fees | 14,171 | |
| Investment and Miscellaneous Revenues | 39,783 | 86,886 |
| TOTAL REVENUES | \$ 1,602,144 | \$ 1,129,771 |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Professional Fees | \$ 421,843 | \$ |
| Contracted Services | 270,417 | 20,434 |
| Utilities | 38,443 | |
| Repairs and Maintenance | 195,590 | |
| Depreciation | | |
| Other | 178,737 | 5,700 |
| Capital Outlay | 30,900 | |
| Debt Service: | | |
| Bond Principal | | 535,000 |
| Bond Interest | | 540,961 |
| TOTAL EXPENDITURES/EXPENSES | \$ 1,135,930 | \$ 1,102,095 |
| NET CHANGE IN FUND BALANCES | \$ 466,214 | \$ 27,676 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - | | |
| OCTOBER 1, 2024, AS REPORTED | \$ 635,271 | \$ 923,561 |
| CORRECTION OF ERROR | 195,199 | |
| OCTOBER 1, 2024, AS RESTATED | \$ 830,470 | \$ 923,561 |
| FUND BALANCES/NET POSITION - SEPTEMBER 30, 2025 | \$ 1,296,684 | \$ 951,237 |

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

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|--------------------------|---------------------|-----------------------|----------------------------|
| \$ | \$ 2,130,198 | \$ 4,171 | \$ 2,134,369 |
| | 387,696 | | 387,696 |
| | 73,181 | | 73,181 |
| | 14,171 | | 14,171 |
| 39,555 | 166,224 | | 166,224 |
| <u>\$ 39,555</u> | <u>\$ 2,771,470</u> | <u>\$ 4,171</u> | <u>\$ 2,775,641</u> |
| | | | |
| \$ | \$ 421,843 | \$ | \$ 421,843 |
| | 290,851 | | 290,851 |
| | 38,443 | | 38,443 |
| | 195,590 | | 195,590 |
| | | 297,411 | 297,411 |
| 80 | 184,517 | | 184,517 |
| 129,861 | 160,761 | (160,761) | |
| | 535,000 | (535,000) | |
| | 540,961 | 14,726 | 555,687 |
| <u>\$ 129,941</u> | <u>\$ 2,367,966</u> | <u>\$ (383,624)</u> | <u>\$ 1,984,342</u> |
| | | | |
| \$ (90,386) | \$ 403,504 | \$ (403,504) | \$ |
| | | 791,299 | 791,299 |
| | | | |
| \$ 1,976,652 | \$ 3,535,484 | \$ (3,886,748) | \$ (351,264) |
| | 195,199 | | 195,199 |
| <u>\$ 1,976,652</u> | <u>\$ 3,730,683</u> | <u>\$ (3,886,748)</u> | <u>\$ (156,065)</u> |
| <u>\$ 1,886,266</u> | <u>\$ 4,134,187</u> | <u>\$ (3,498,953)</u> | <u>\$ 635,234</u> |

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

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------|
| Net Change in Fund Balances - Governmental Funds | \$ | 403,504 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. | | 4,171 |
| Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. | | (297,411) |
| Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. | | 160,761 |
| Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. | | 535,000 |
| Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. | | <u>(14,726)</u> |
| Change in Net Position - Governmental Activities | \$ | <u>791,299</u> |

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

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

Hays County Municipal Utility District No. 4 (the “District”) is a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 of the Texas Constitution. The District was originally created by an order of the Texas Natural Resource and Conservation Commission, a predecessor agency to the TCEQ on July 3, 2003. The creation of the District was confirmed at an election held within the District on February 5, 2005. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ and is located within the extraterritorial jurisdiction of the City of Dripping Springs, Texas, and within the boundaries of Dripping Springs Independent School District. The District contained 193.93 acres at the time of creation. There have been no annexations or exclusions of land since creation of the District. The current District acreage remains at 193.93 acres.

The District has the statutory authority, among other things, to 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 may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste collection and disposal service and is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. The District has no current plans to provide a fire department. Fire protection and emergency services are provided to the District by the North Hays Co. Emergency Services District No. 1.

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.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

- 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.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each of them to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating 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 revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows 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, 2025, the General Fund owed the Debt Service Fund (Tax Fund) \$818 for the over transfer of maintenance tax collections.

Capital Assets

Capital assets, which include land and utilities infrastructure, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Individual capital items, including infrastructure assets are capitalized, if they have an original cost of \$5,000 or more and an estimated useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives range between 25 and 50 years.

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 purposes only.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

A General Fund budget is adopted each year 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Measurement Focus

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

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.

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

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

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.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

| | <u>Series 2013</u> | <u>Refunding Series 2015</u> | <u>Series 2018</u> | <u>Series 2022</u> |
|-----------------------------------------------|---------------------------|----------------------------------|---------------------------|---------------------------|
| Amount Outstanding – September 30, 2025 | \$ 2,175,000 | \$ 790,000 | \$ 3,955,000 | \$ 7,900,000 |
| Interest Rates | 4.40% - 5.00% | 2.476% | 3.00% - 3.50% | 3.00% - 5.50% |
| Maturity Dates – Serially Beginning/Ending | September 1, 2026/2038 | September 1, 2026/2029 | September 1, 2026/2038 | September 1, 2026/2041 |
| Interest Payment Dates | March 1/ September 1 | March 1/ September 1 | March 1/ September 1 | March 1/ September 1 |
| Callable Dates | September 1, 2023* | September 1, 2016* | September 1, 2025* | September 1, 2029* |

* Or any date thereafter at a price equal to the principal amount plus accrued interest to the date fixed from redemption. Series 2013 term bonds due September 1, 2031, 2034, and 2038, are subject to mandatory redemption beginning September 1, 2029, 2032, and 2035, respectively. Series 2018 term bonds due September 1, 2038 are subject to mandatory redemption beginning September 1, 2037. Series 2022 term bonds due September 1, 2041 are subject to mandatory redemption beginning September 1, 2039.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

Bonds payable activity for the current fiscal year is summarized in the following table:

| | October 1, 2024 | Additions | Retirements | September 30, 2025 |
|-----------------------|----------------------|---------------|----------------------------|-----------------------|
| Bonds Payable | \$ 15,355,000 | \$ | \$ 535,000 | \$ 14,820,000 |
| Unamortized Discounts | (179,341) | | 11,641 | (167,700) |
| Unamortized Premiums | 7,668 | | (1,534) | 6,134 |
| Bonds Payable, Net | <u>\$ 15,183,327</u> | <u>\$ -0-</u> | <u>\$ 545,107</u> | <u>\$ 14,658,434</u> |
| | | | Amount Due Within One Year | \$ 555,000 |
| | | | Amount Due After One Year | <u>14,103,434</u> |
| | | | Bonds Payable, Net | <u>\$ 14,658,434</u> |

Debt service requirements on the outstanding bonds are summarized in the following table:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2026 | \$ 555,000 | \$ 519,493 | \$ 1,074,493 |
| 2027 | 580,000 | 501,508 | 1,081,508 |
| 2028 | 600,000 | 482,475 | 1,082,475 |
| 2029 | 635,000 | 462,785 | 1,097,785 |
| 2030 | 845,000 | 441,412 | 1,286,412 |
| 2031-2035 | 4,705,000 | 1,750,931 | 6,455,931 |
| 2036-2040 | 5,645,000 | 840,631 | 6,485,631 |
| 2041 | 1,255,000 | 43,925 | 1,298,925 |
| | <u>\$ 14,820,000</u> | <u>\$ 5,043,160</u> | <u>\$ 19,863,160</u> |

The Series 2015 Refunding Bonds are private placement bonds. As of September 30, 2025, the District had authorized but unissued bonds in the amount of \$7,440,000, including refunding bonds. 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 current year, the District levied an ad valorem debt service tax rate of \$0.4396 per \$100 of assessed valuation, which resulted in a tax levy of \$1,065,624 on the adjusted taxable valuation of \$237,181,324 for the 2024 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 the maintenance tax levy.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

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 are 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 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 every five years after the issue date.

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$1,982,014 and the bank balance was \$2,210,999. The District was not exposed to custodial credit risk at year-end.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2025, as listed below:

| | Cash |
|-----------------------|--------------|
| GENERAL FUND | \$ 87,997 |
| CAPITAL PROJECTS FUND | 1,894,017 |
| TOTAL DEPOSITS | \$ 1,982,014 |

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. There are no limitations or restrictions on withdrawals from TexPool.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District's year-end investments and related maturities are summarized in the following table:

| Funds and Investment Type | Fair Value | Maturities of Less Than 1 Year |
|------------------------------|--------------|--------------------------------------|
| <u>GENERAL FUND</u> | | |
| TexPool | \$ 1,044,629 | \$ 1,044,629 |
| <u>DEBT SERVICE FUND</u> | | |
| TexPool | 950,419 | 950,419 |
| TOTAL INVESTMENTS | \$ 1,995,048 | \$ 1,995,048 |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

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.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

| | October 1, 2024 | Increases | Decreases | September 30, 2025 |
|--------------------------------------------------------------------------|-----------------------------|----------------------------|------------------------|-----------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 132,167 | \$ | \$ | \$ 132,167 |
| Construction in Progress | <u>197,463</u> | <u>160,761</u> | <u></u> | <u>358,224</u> |
| Total Capital Assets Not Being Depreciated | <u>\$ 329,630</u> | <u>\$ 160,761</u> | <u>\$ - 0 -</u> | <u>\$ 490,391</u> |
| Capital Assets Subject to Depreciation | | | | |
| Utilities Infrastructure | <u>\$ 13,163,164</u> | <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | <u>\$ 13,163,164</u> |
| Less Accumulated Depreciation | | | | |
| Utilities Infrastructure | <u>\$ 2,188,886</u> | <u>\$ 297,411</u> | <u>\$ - 0 -</u> | <u>\$ 2,486,297</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 10,974,278</u> | <u>\$ (297,411)</u> | <u>\$ - 0 -</u> | <u>\$ 10,676,867</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u><u>\$ 11,303,908</u></u> | <u><u>\$ (136,650)</u></u> | <u><u>\$ - 0 -</u></u> | <u><u>\$ 11,167,258</u></u> |

NOTE 7. MAINTENANCE TAX

On February 5, 2005, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. On May 12, 2007, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's utility systems. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.4593 per \$100 of assessed valuation which resulted in a tax levy of \$1,113,378 on the adjusted taxable valuation of \$237,181,324 for the 2024 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 have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 9. WATER AND WASTEWATER SERVICES

Water is supplied to the District under an agreement that was originally with the Lower Colorado River Authority (“LCRA”) and was, on March 19, 2012, assigned to the West Travis County Public Utility Agency (“WTCPUA”). The WTCPUA provides water at the southern boundary of the District through an existing 20-inch waterline. Billings to individual residences are handled directly by the WTCPUA through an agreement with the District. The District’s agreement with the WTCPUA includes provisions for the operation, maintenance, and repair of the water system. The District is located within the WTCPUA’s CCN and, accordingly, the WTCPUA is obligated to provide water service to the area within its CCN.

The District provides wastewater service to residents within the District. An agreement was executed whereby the WTCPUA bills and collects for both water and wastewater services. The WTCPUA remits wastewater payments to the District on a monthly basis.

NOTE 10. PRIOR PERIOD ADJUSTMENTS

The District discovered during the current fiscal year that it had overstated certain liabilities for professional and contracted services as well as understated receivables for service revenues in prior years. The prior period adjustments to correct such misstatements resulted in an increase to the General Fund fund balance and net position of \$195,199.

NOTE 11. LITIGATION

The District is currently involved in litigation. The litigation involves claims asserted by the District against the previous District engineer and original developer of the District. The outcome of the litigation, including any damages the District may receive, is unknown at this time.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------------------------------------|------------------------------------------|---------------------|---------------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 1,112,751 | \$ 1,087,313 | \$ (25,438) |
| Service Revenues | 208,956 | 387,696 | 178,740 |
| Sales Tax Revenue | 100,000 | 73,181 | (26,819) |
| Capacity, Connection and Inspection Fees | 30,500 | 14,171 | (16,329) |
| Investment and Miscellaneous Revenues | <u>15,500</u> | <u>39,783</u> | <u>24,283</u> |
| TOTAL REVENUES | <u>\$ 1,467,707</u> | <u>\$ 1,602,144</u> | <u>\$ 134,437</u> |
| EXPENDITURES | | | |
| Service Operations: | | | |
| Professional Fees | \$ 541,540 | \$ 421,843 | \$ 119,697 |
| Contracted Services | 270,800 | 270,417 | 383 |
| Utilities | 30,925 | 38,443 | (7,518) |
| Repairs and Maintenance | 340,444 | 195,590 | 144,854 |
| Other | 200,409 | 178,737 | 21,672 |
| Capital Outlay | <u>165,000</u> | <u>30,900</u> | <u>134,100</u> |
| TOTAL EXPENDITURES | <u>\$ 1,549,118</u> | <u>\$ 1,135,930</u> | <u>\$ 413,188</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (81,411)</u> | <u>\$ 466,214</u> | <u>\$ 547,625</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers In | <u>\$ 200,000</u> | <u>\$ -0-</u> | <u>\$ (200,000)</u> |
| NET CHANGE IN FUND BALANCE | \$ 118,589 | \$ 466,214 | \$ 347,625 |
| FUND BALANCE - OCTOBER 1, 2024 | <u>830,470</u> | <u>830,470</u> | <u></u> |
| FUND BALANCE - SEPTEMBER 30, 2025 | <u>\$ 949,059</u> | <u>\$ 1,296,684</u> | <u>\$ 347,625</u> |

See accompanying independent auditor's report.

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2025

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

| | | | | | |
|---------------|--------------------------------------------------------------------------------------------------------------|---------------|----------------------|---------------|------------|
| <u> </u> | Retail Water | <u> </u> | Wholesale Water | <u> X </u> | Drainage |
| <u> X </u> | Retail Wastewater | <u> </u> | Wholesale Wastewater | <u> X </u> | Irrigation |
| <u> </u> | Parks/Recreation | <u> </u> | Fire Protection | <u> </u> | Security |
| <u> </u> | Solid Waste/Garbage | <u> </u> | Flood Control | <u> </u> | Roads |
| <u> </u> | Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | | |
| <u> </u> | Other (specify): _____ | | | | |

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective October 2, 2024.

| | <u>Minimum Charge</u> | <u>Minimum Usage</u> | <u>Flat Rate Y/N</u> | <u>Rate per 1,000 Gallons over Minimum Use</u> | <u>Usage Levels</u> |
|-------------|-----------------------|----------------------|----------------------|------------------------------------------------|---------------------|
| WATER: | N/A | N/A | N/A | N/A | N/A |
| WASTEWATER: | \$ 25.00 | 2,000 | Y | \$ 2.90 | 2,001 and over |

District employs winter averaging for wastewater usage? X
Yes No

Total charges per 10,000 gallons usage: Wastewater: \$48.20

See accompanying independent auditor’s report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

| <u>Meter Size</u> | <u>Total Connections</u> | <u>Active Connections</u> | <u>ESFC Factor</u> | <u>Active ESFCs</u> |
|---------------------------------|------------------------------|-------------------------------|------------------------|-------------------------|
| Unmetered | _____ | _____ | x 1.0 | _____ |
| ≤ ³ / ₄ " | _____ | _____ | x 1.0 | _____ |
| 1" | _____ | _____ | x 2.5 | _____ |
| 1½" | _____ | _____ | x 5.0 | _____ |
| 2" | _____ | _____ | x 8.0 | _____ |
| 3" | _____ | _____ | x 15.0 | _____ |
| 4" | _____ | _____ | x 25.0 | _____ |
| 6" | _____ | _____ | x 50.0 | _____ |
| 8" | _____ | _____ | x 80.0 | _____ |
| 10" | _____ | _____ | x 115.0 | _____ |
| Total Water Connections | <u>N/A</u> | <u>N/A</u> | | <u>N/A</u> |
| Total Wastewater Connections | <u>265</u> | <u>265</u> | x 1.0 | <u>265</u> |

3. WATER CONSUMPTION: (1)

(1) The West Travis County Public Utility Agency (the "WTCPUA") provides retail water service to residents within the District. The District provides wastewater service to residents within the District. An agreement was executed whereby the WTCPUA bills and collects for both water and wastewater services. The WTCPUA remits wastewater payments to the District on a monthly basis.

See accompanying independent auditor's report

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | |
|----------------------------------------|---------------------|
| PROFESSIONAL FEES: | |
| Auditing | \$ 15,500 |
| Engineering | 137,365 |
| Legal | <u>268,978</u> |
| TOTAL PROFESSIONAL FEES | <u>\$ 421,843</u> |
| CONTRACTED SERVICES: | |
| Bookkeeping | \$ 23,220 |
| Operations and Billing | <u>247,197</u> |
| TOTAL CONTRACTED SERVICES | <u>\$ 270,417</u> |
| UTILITIES | <u>\$ 38,443</u> |
| REPAIRS AND MAINTENANCE | <u>\$ 195,590</u> |
| ADMINISTRATIVE EXPENDITURES: | |
| Director Fees, Including Payroll Taxes | \$ 27,259 |
| Insurance | 20,344 |
| Website and Other | <u>4,760</u> |
| TOTAL ADMINISTRATIVE EXPENDITURES | <u>\$ 52,363</u> |
| CAPITAL OUTLAY | <u>\$ 30,900</u> |
| OTHER EXPENDITURES: | |
| Chemicals | \$ 7,187 |
| Laboratory Fees | 31,182 |
| Sludge Hauling | <u>88,005</u> |
| TOTAL OTHER EXPENDITURES | <u>\$ 126,374</u> |
| TOTAL EXPENDITURES | <u>\$ 1,135,930</u> |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
INVESTMENTS
SEPTEMBER 30, 2025**

| <u>Funds</u> | <u>Identification or Certificate Number</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance at End of Year</u> | <u>Accrued Interest Receivable at End of Year</u> |
|--------------------------|-------------------------------------------------|--------------------------|--------------------------|-----------------------------------|---------------------------------------------------------------|
| <u>GENERAL FUND</u> | | | | | |
| TexPool | XXXX0003 | Varies | Daily | \$ 1,044,629 | \$ - 0 - |
| <u>DEBT SERVICE FUND</u> | | | | | |
| TexPool | XXXX0002 | Varies | Daily | \$ 44,320 | \$ |
| TexPool | XXXX0001 | Varies | Daily | 906,099 | _____ |
| TOTAL DEBT SERVICE FUND | | | | <u>\$ 950,419</u> | <u>\$ - 0 -</u> |
| TOTAL - ALL FUNDS | | | | <u>\$ 1,995,048</u> | <u>\$ - 0 -</u> |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | Maintenance Taxes | | Debt Service Taxes | |
|-----------------------------|-------------------|---------------------|--------------------|---------------------|
| TAXES RECEIVABLE - | | | | |
| OCTOBER 1, 2024 | \$ | 1,558 | \$ | 2,049 |
| Adjustments to Beginning | | | | |
| Balance | | <u>(23,934)</u> | \$ | <u>(20,699)</u> |
| | | \$ | (22,376) | \$ |
| | | | <u>(20,699)</u> | (18,650) |
| Original 2024 Tax Levy | \$ | 1,124,409 | \$ | 1,076,181 |
| Adjustment to 2024 Tax Levy | | <u>(11,031)</u> | <u>1,113,378</u> | <u>(10,557)</u> |
| TOTAL TO BE | | | | |
| ACCOUNTED FOR | | \$ | 1,091,002 | \$ |
| | | | | 1,046,974 |
| TAX COLLECTIONS: | | | | |
| Prior Years | \$ | (23,932) | \$ | (20,697) |
| Current Year | | <u>1,111,245</u> | <u>1,087,313</u> | <u>1,063,582</u> |
| | | | | <u>1,042,885</u> |
| TAXES RECEIVABLE - | | | | |
| SEPTEMBER 30, 2025 | | <u>\$</u> | <u>3,689</u> | <u>\$</u> |
| | | | | <u>4,089</u> |
| TAXES RECEIVABLE BY | | | | |
| YEAR: | | | | |
| 2024 | \$ | 2,133 | \$ | 2,042 |
| 2023 | | <u>1,556</u> | | <u>2,047</u> |
| TOTAL | \$ | <u><u>3,689</u></u> | \$ | <u><u>4,089</u></u> |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | 2024 | 2023 | 2022 | 2021 |
|------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PROPERTY VALUATIONS: | | | | |
| Land | \$ 42,484,463 | \$ 42,984,201 | \$ 39,592,578 | \$ 33,884,703 |
| Improvements | 202,018,566 | 197,452,251 | 197,674,023 | 148,002,240 |
| Personal Property | 3,516,491 | 2,919,345 | 1,275,714 | 1,327,660 |
| Exemptions | <u>(10,838,196)</u> | <u>(26,983,355)</u> | <u>(38,729,361)</u> | <u>(10,774,139)</u> |
| TOTAL PROPERTY VALUATIONS | <u>\$ 237,181,324</u> | <u>\$ 216,372,442</u> | <u>\$ 199,812,954</u> | <u>\$ 172,440,464</u> |
| TAX RATES PER \$100 VALUATION: | | | | |
| Debt Service | \$ 0.4396 | \$ 0.4829 | \$ 0.2961 | \$ 0.4884 |
| Maintenance | <u>0.4593</u> | <u>0.3671</u> | <u>0.5223</u> | <u>0.3460</u> |
| TOTAL TAX RATES PER \$100 VALUATION | <u>\$ 0.8989</u> | <u>\$ 0.8500</u> | <u>\$ 0.8184</u> | <u>\$ 0.8344</u> |
| ADJUSTED TAX LEVY* | <u>\$ 2,179,002</u> | <u>\$ 1,866,499</u> | <u>\$ 1,696,211</u> | <u>\$ 1,438,843</u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | | | | |
| | <u>99.81 %</u> | <u>99.81 %</u> | <u>100.00 %</u> | <u>100.00 %</u> |

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

** Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation was approved by voters on May 12, 2007.

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025**

S E R I E S - 2 0 1 3

| Due During Fiscal Years Ending September 30 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
|---------------------------------------------------|---------------------------------|-----------------------------------------|---------------------|
| 2026 | \$ 120,000 | \$ 107,074 | \$ 227,074 |
| 2027 | 125,000 | 101,794 | 226,794 |
| 2028 | 130,000 | 96,012 | 226,012 |
| 2029 | 140,000 | 90,000 | 230,000 |
| 2030 | 145,000 | 83,000 | 228,000 |
| 2031 | 155,000 | 75,750 | 230,750 |
| 2032 | 165,000 | 68,000 | 233,000 |
| 2033 | 175,000 | 59,750 | 234,750 |
| 2034 | 180,000 | 51,000 | 231,000 |
| 2035 | 195,000 | 42,000 | 237,000 |
| 2036 | 205,000 | 32,250 | 237,250 |
| 2037 | 215,000 | 22,000 | 237,000 |
| 2038 | 225,000 | 11,250 | 236,250 |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| | <u>\$ 2,175,000</u> | <u>\$ 839,880</u> | <u>\$ 3,014,880</u> |

See accompanying independent auditor's report

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

| S E R I E S - 2 0 1 5 | | | | |
|---------------------------------------------------|---------------------------------|-----------------------------------------|-------|---------|
| Due During Fiscal Years Ending September 30 | Principal Due September 1 | Interest Due March 1/ September 1 | Total | |
| 2026 | \$ 185,000 | \$ 19,556 | \$ | 204,556 |
| 2027 | 195,000 | 14,977 | | 209,977 |
| 2028 | 200,000 | 10,150 | | 210,150 |
| 2029 | 210,000 | 5,198 | | 215,198 |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| 2034 | | | | |
| 2035 | | | | |
| 2036 | | | | |
| 2037 | | | | |
| 2038 | | | | |
| 2039 | | | | |
| 2040 | | | | |
| 2041 | | | | |
| | \$ 790,000 | \$ 49,881 | \$ | 839,881 |

See accompanying independent auditor's report

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

S E R I E S - 2 0 1 8

| Due During Fiscal Years Ending September 30 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
|---------------------------------------------------|---------------------------------|-----------------------------------------|---------------------|
| 2026 | \$ 225,000 | \$ 129,138 | \$ 354,138 |
| 2027 | 235,000 | 122,387 | 357,387 |
| 2028 | 245,000 | 115,338 | 360,338 |
| 2029 | 260,000 | 107,987 | 367,987 |
| 2030 | 270,000 | 100,187 | 370,187 |
| 2031 | 285,000 | 91,750 | 376,750 |
| 2032 | 300,000 | 82,844 | 382,844 |
| 2033 | 315,000 | 73,094 | 388,094 |
| 2034 | 330,000 | 62,856 | 392,856 |
| 2035 | 345,000 | 51,719 | 396,719 |
| 2036 | 365,000 | 40,075 | 405,075 |
| 2037 | 380,000 | 27,300 | 407,300 |
| 2038 | 400,000 | 14,000 | 414,000 |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| | <u>\$ 3,955,000</u> | <u>\$ 1,018,675</u> | <u>\$ 4,973,675</u> |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025**

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 |
|---------------------------------------------------|---------------------------------|-----------------------------------------|----------------------|
| 2026 | \$ 25,000 | \$ 263,725 | \$ 288,725 |
| 2027 | 25,000 | 262,350 | 287,350 |
| 2028 | 25,000 | 260,975 | 285,975 |
| 2029 | 25,000 | 259,600 | 284,600 |
| 2030 | 430,000 | 258,225 | 688,225 |
| 2031 | 435,000 | 245,325 | 680,325 |
| 2032 | 440,000 | 232,275 | 672,275 |
| 2033 | 450,000 | 219,075 | 669,075 |
| 2034 | 465,000 | 205,012 | 670,012 |
| 2035 | 470,000 | 190,481 | 660,481 |
| 2036 | 480,000 | 175,794 | 655,794 |
| 2037 | 490,000 | 160,194 | 650,194 |
| 2038 | 505,000 | 144,268 | 649,268 |
| 2039 | 1,170,000 | 127,225 | 1,297,225 |
| 2040 | 1,210,000 | 86,275 | 1,296,275 |
| 2041 | 1,255,000 | 43,925 | 1,298,925 |
| | <u>\$ 7,900,000</u> | <u>\$ 3,134,724</u> | <u>\$ 11,034,724</u> |

See accompanying independent auditor's report

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending September 30 | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|---------------------------------------------------|------------------------|-----------------------|----------------------------------------|
| 2026 | \$ 555,000 | \$ 519,493 | \$ 1,074,493 |
| 2027 | 580,000 | 501,508 | 1,081,508 |
| 2028 | 600,000 | 482,475 | 1,082,475 |
| 2029 | 635,000 | 462,785 | 1,097,785 |
| 2030 | 845,000 | 441,412 | 1,286,412 |
| 2031 | 875,000 | 412,825 | 1,287,825 |
| 2032 | 905,000 | 383,119 | 1,288,119 |
| 2033 | 940,000 | 351,919 | 1,291,919 |
| 2034 | 975,000 | 318,868 | 1,293,868 |
| 2035 | 1,010,000 | 284,200 | 1,294,200 |
| 2036 | 1,050,000 | 248,119 | 1,298,119 |
| 2037 | 1,085,000 | 209,494 | 1,294,494 |
| 2038 | 1,130,000 | 169,518 | 1,299,518 |
| 2039 | 1,170,000 | 127,225 | 1,297,225 |
| 2040 | 1,210,000 | 86,275 | 1,296,275 |
| 2041 | 1,255,000 | 43,925 | 1,298,925 |
| | <u>\$ 14,820,000</u> | <u>\$ 5,043,160</u> | <u>\$ 19,863,160</u> |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| Description | Original Bonds Issued | Bonds Outstanding October 1, 2024 |
|---------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------|
| Hays County Municipal Utility District No. 4 Unlimited Tax Bonds - Series 2013 | \$ 3,000,000 | \$ 2,290,000 |
| Hays County Municipal Utility District No. 4 Unlimited Tax Refunding Bonds - Series 2015 | 2,590,000 | 970,000 |
| Hays County Municipal Utility District No. 4 Unlimited Tax Bonds - Series 2018 | 5,250,000 | 4,170,000 |
| Hays County Municipal Utility District No. 4 Unlimited Tax Bonds - Series 2022 | <u>8,000,000</u> | <u>7,925,000</u> |
| TOTAL | <u>\$ 18,840,000</u> | <u>\$ 15,355,000</u> |
| Bond Authority: | | |
| | <u>Tax Bonds</u> | |
| Amount Authorized by Voters | \$ 26,280,000 | |
| Amount Issued | <u>(18,840,000)</u> | |
| Remaining to be Issued | <u>\$ 7,440,000</u> | |
| Debt Service Fund cash and investment balances as of September 30, 2025: | | <u>\$ 950,419</u> |
| Average annual debt service payment for remaining term of all bond debt: | | <u>\$ 1,241,448</u> |

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

See accompanying independent auditor's report

| <u>Current Year Transactions</u> | | | | |
|----------------------------------|--------------------|-------------------|-------------------------------------------------|---------------------------|
| <u>Bonds Sold</u> | <u>Retirements</u> | | <u>Bonds Outstanding September 30, 2025</u> | <u>Paying Agent</u> |
| | <u>Principal</u> | <u>Interest</u> | | |
| \$ | \$ 115,000 | \$ 111,961 | \$ 2,175,000 | Amegy Bank Houston, TX |
| | 180,000 | 24,012 | 790,000 | Regions Bank |
| | 215,000 | 139,888 | 3,955,000 | Amegy Bank Houston TX |
| | <u>25,000</u> | <u>265,100</u> | <u>7,900,000</u> | Amegy Bank Houston, TX |
| <u>\$ - 0 -</u> | <u>\$ 535,000</u> | <u>\$ 540,961</u> | <u>\$ 14,820,000</u> | |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

| | Amounts | | |
|------------------------------------------|---------------------|---------------------|-------------------|
| | 2025 | 2024 | 2023 |
| REVENUES | | | |
| Property Taxes | \$ 1,087,313 | \$ 804,206 | \$ 597,314 |
| Service Revenues | 387,696 | 294,776 | 194,912 |
| Sales Tax Revenues | 73,181 | 126,864 | |
| Capacity, Connection and Inspection Fees | 14,171 | 357,909 | |
| Investment and Miscellaneous Revenues | 39,783 | 16,182 | 70,508 |
| TOTAL REVENUES | \$ 1,602,144 | \$ 1,599,937 | \$ 862,734 |
| EXPENDITURES | | | |
| Professional Fees | \$ 421,843 | \$ 404,660 | \$ 203,365 |
| Utilities | 38,443 | 33,141 | 33,222 |
| Repairs, Maintenance, Operations | 466,007 | 341,954 | 383,622 |
| Other | 178,737 | 164,667 | 201,856 |
| Capital Outlay | 30,900 | 118,724 | |
| TOTAL EXPENDITURES | \$ 1,135,930 | \$ 1,063,146 | \$ 822,065 |
| NET CHANGE IN FUND BALANCE | \$ 466,214 | \$ 536,791 | \$ 40,669 |
| BEGINNING FUND BALANCE | 830,470 | 293,679 | 253,010 |
| ENDING FUND BALANCE | \$ 1,296,684 | \$ 830,470 | \$ 293,679 |

See accompanying independent auditor's report

| | | Percentage of Total Revenues | | | | |
|-------------------|-------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2022 | 2021 | 2025 | 2024 | 2023 | 2022 | 2021 |
| \$ 595,906 | \$ 558,742 | 67.8 % | 50.3 % | 69.2 % | 76.1 % | 81.2 % |
| 166,492 | 128,039 | 24.2 | 18.4 | 22.6 | 21.3 | 18.6 |
| | | 4.6 | 7.9 | | | |
| | | 0.9 | 22.4 | | | |
| <u>20,161</u> | <u>1,469</u> | <u>2.5</u> | <u>1.0</u> | <u>8.2</u> | <u>2.6</u> | <u>0.2</u> |
| <u>\$ 782,559</u> | <u>\$ 688,250</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 345,612 | \$ 271,587 | 26.4 % | 25.4 % | 23.6 % | 44.2 % | 39.5 % |
| 30,606 | 23,922 | 2.4 | 2.1 | 3.8 | 3.9 | 3.5 |
| 363,511 | 246,397 | 29.1 | 21.4 | 44.5 | 46.4 | 35.8 |
| 119,597 | 135,687 | 11.2 | 10.3 | 23.4 | 15.3 | 19.7 |
| | 14,576 | 1.9 | 7.4 | | | 2.1 |
| <u>\$ 859,326</u> | <u>\$ 692,169</u> | <u>71.0 %</u> | <u>66.6 %</u> | <u>95.3 %</u> | <u>109.8 %</u> | <u>100.6 %</u> |
| \$ (76,767) | \$ (3,919) | <u>29.0 %</u> | <u>33.4 %</u> | <u>4.7 %</u> | <u>(9.8) %</u> | <u>(0.6) %</u> |
| <u>329,777</u> | <u>333,696</u> | | | | | |
| <u>\$ 253,010</u> | <u>\$ 329,777</u> | | | | | |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

| | Amounts | | |
|-------------------------------------------------------|---------------------|---------------------|---------------------|
| | 2025 | 2024 | 2023 |
| REVENUES | | | |
| Property Taxes | \$ 1,042,885 | \$ 1,058,841 | \$ 1,055,065 |
| Investment and Miscellaneous Revenues | 86,886 | 83,343 | 63,172 |
| TOTAL REVENUES | \$ 1,129,771 | \$ 1,142,184 | \$ 1,118,237 |
| EXPENDITURES | | | |
| Tax Collection Expenditures | \$ 24,984 | \$ 16,127 | \$ 7,012 |
| Debt Service Principal | 535,000 | 500,000 | 485,000 |
| Debt Service Interest and Fees | 542,111 | 560,000 | 585,526 |
| TOTAL EXPENDITURES | \$ 1,102,095 | \$ 1,076,127 | \$ 1,077,538 |
| NET CHANGE IN FUND BALANCE | \$ 27,676 | \$ 66,057 | \$ 40,699 |
| BEGINNING FUND BALANCE | 923,561 | 857,504 | 816,805 |
| ENDING FUND BALANCE | \$ 951,237 | \$ 923,561 | \$ 857,504 |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | 265 | 264 | 257 |

See accompanying independent auditor's report

| | | Percentage of Total Revenues | | | | |
|-------------------|-------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2022 | 2021 | 2025 | 2024 | 2023 | 2022 | 2021 |
| \$ 841,192 | \$ 774,223 | 92.3 % | 92.7 % | 94.4 % | 99.0 % | 100.0 % |
| 8,864 | 228 | 7.7 | 7.3 | 5.6 | 1.0 | |
| <u>\$ 850,056</u> | <u>\$ 774,451</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 5,938 | \$ 5,281 | 2.2 % | 1.4 % | 0.6 % | 0.7 % | 0.7 % |
| 460,000 | 415,000 | 47.4 | 43.8 | 43.4 | 54.1 | 53.6 |
| <u>434,359</u> | <u>341,022</u> | <u>48.0</u> | <u>49.0</u> | <u>52.4</u> | <u>51.1</u> | <u>44.0</u> |
| <u>\$ 900,297</u> | <u>\$ 761,303</u> | <u>97.6 %</u> | <u>94.2 %</u> | <u>96.4 %</u> | <u>105.9 %</u> | <u>98.3 %</u> |
| \$ (50,241) | \$ 13,148 | 2.4 % | 5.8 % | 3.6 % | (5.9) % | 1.7 % |
| <u>867,046</u> | <u>853,898</u> | | | | | |
| <u>\$ 816,805</u> | <u>\$ 867,046</u> | | | | | |
| <u>257</u> | <u>449</u> | | | | | |

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025**

District Mailing Address - Hays County Municipal Utility District No. 4
c/o Winstead PC (Hahn)
600 W. 5th Street, Suite 900
Austin, TX 78701

District Telephone Number - (512) 370-2800

| Board Members: | Term of Office (Elected or Appointed) | Fees of Office for the year ended <u>September 30, 2025</u> | Expense Reimbursements for the year ended <u>September 30, 2025</u> | <u>Title</u> |
|-----------------------|------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------|
| Craig McColloch | 05/24 05/28 (Elected) | \$ 7,200 | \$ -0- | President |
| Dilipkumar Patel | 05/24 05/28 (Elected) | \$ 4,862 | \$ 28 | Vice-President |
| Toby Fariss | 05/24 05/28 (Elected) | \$ 4,862 | \$ 60 | Secretary |
| Meredith Tucker | 05/22 05/26 (Appointed) | \$ 5,083 | \$ -0- | Treasurer |
| Michael Tomasz | 06/23 05/26 (Appointed) | \$ 3,315 | \$ -0- | Asst Secretary/ Treasurer |

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

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

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

See accompanying independent auditor's report

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025**

| Consultants: | <u>Date Hired</u> | <u>Fees of Office for the year ended September 30, 2025</u> | <u>Title</u> |
|----------------------------------------------|-------------------|-------------------------------------------------------------------------|-----------------------|
| Law Offices of Matthew B. Kutac, PLLC | 03/17/23 | \$ 90,432 | General Counsel |
| The Chapman Firm | 08/25/23 | \$ 93,634 | Attorney |
| Winstead, PC | 04/08/23 | \$ 82,051 | Attorney |
| Graves Dougherty Hearon & Moody | | \$ 13,112 | Attorney |
| McCall Gibson Swedlund Barfoot Ellis PLLC | 09/04/24 | \$ 15,500 | Auditor |
| L & S District Services | 05/17/23 | \$ 23,220 | Bookkeeper |
| Westwood Professional Services | 04/17/24 | \$ 418,541 | Engineer |
| Samco Capital Markets, Inc | 02/14/05 | \$ -0- | Financial Advisor |
| Municipal Operations & Consulting, LLC | 09/29/23 | \$ 295,619 | Operator |
| Debra Loggins | 05/17/23 | \$ -0- | Investment Officer |

See accompanying independent auditor's report

**OTHER SUPPLEMENTARY
INFORMATION**

**HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2025**

| Taxpayer | Taxable Assessed Value by Tax Roll Year | | |
|----------------------------------------|-----------------------------------------|-----------------------|----------------------|
| | 2025 | 2024 | 2023 |
| Anthem Ledge Stone Apartment Homes LLC | \$ 46,200,000 | \$ 55,056,616 | \$ 49,710,000 |
| Lookout Apartments LP | 43,003,566 | 19,310,402 | 4,548,626 |
| W-C Ledgestone Owner LLC | 40,572,788 | 31,664,492 | 24,955,027 |
| Marlay Ledgestone LLC | 10,612,341 | | |
| Shops at Ledgestone LLC | 2,484,032 | 2,229,130 | 2,229,130 |
| Lewis RR Dripping Springs LLC | 1,200,000 | 1,000,000 | 1,688,080 |
| Fike Family Trust | 1,170,240 | | |
| Winema Land Company LLC | 1,114,270 | 988,580 | 1,068,850 |
| Ledgestone Properties LP | 990,793 | 893,470 | |
| Chuy's Opco Inc | 964,289 | | |
| 194 Bush LTD | | | 991,480 |
| Ledgestone East Unit 7 LP | | 2,281,020 | |
| Ledgestone East Unit 5 LP | | 1,659,350 | |
| Ledgestone Senior Living | | 899,577 | 1,034,366 |
| Ledgestone East LTD | | | 3,200,310 |
| Homeowner | | | 1,003,970 |
| Total | \$ 148,312,319 | \$ 115,982,637 | \$ 90,429,839 |
| Percent of Assessed Valuation | 52.7% | 47.4% | 41.8% |

HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2025

| Type of Property | 2025 | | 2024 | | 2023 | |
|-----------------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Single-Family | 125,459,960 | 51.3% | 126,112,992 | 51.6% | 140,991,598 | 65.2% |
| Multi-Family | 89,561,705 | 36.6% | 74,367,018 | 30.4% | 49,710,000 | 23.0% |
| Vacant Platted Lots | 2,474,313 | 1.0% | 2,533,008 | 1.0% | 3,358,290 | 1.6% |
| Farm and Ranch Improvement | 991,480 | 0.4% | 742,715 | 0.3% | 991,480 | 0.5% |
| Commercial and Industrial | 63,536,179 | 26.0% | 45,351,462 | 18.5% | 39,434,076 | 18.2% |
| Tangible Personal, Business | 4,473,018 | 1.8% | 3,203,977 | 1.3% | 2,706,252 | 1.3% |
| Inventory | 503,083 | 0.2% | | | | |
| Less: Adjustments | (5,815,654) | -17.3% | (7,819,872) | -3.1% | (20,819,254) | -9.8% |
| Total | \$ 281,184,084 | 100.0% | \$ 244,491,300 | 100.0% | \$ 216,372,442 | 100.0% |

Source: Hays Central Appraisal District

**Municipal Advisory Services
Provided By:**

