

OFFICIAL STATEMENT DATED SEPTEMBER 3, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, ASSUMING CONTINUING COMPLIANCE BY THE DISTRICT (HEREINAFTER DEFINED) AFTER THE DATE OF INITIAL DELIVERY OF THE BONDS DESCRIBED BELOW (THE "BONDS") WITH CERTAIN COVENANTS CONTAINED IN THE BOND ORDER (HEREINAFTER DEFINED) AUTHORIZING THE BONDS AND SUBJECT TO THE MATTERS SET FORTH UNDER "TAX MATTERS" HEREIN, INTEREST ON THE BONDS FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS (1) WILL BE EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS THEREOF PURSUANT TO SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED TO THE DATE OF INITIAL DELIVERY OF THE BONDS (THE "CODE"), AND (2) WILL NOT BE AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX; HOWEVER, SUCH INTEREST MAY BE TAKEN INTO ACCOUNT IN DETERMINING THE "ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME" (AS DEFINED IN SECTION 56A OF THE CODE) OF "APPLICABLE CORPORATIONS" (AS DEFINED IN SECTION 59(K) OF THE CODE) FOR THE PURPOSE OF COMPUTING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" HEREIN

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

NEW ISSUE – Book Entry Only

S&P Global Ratings (BAM Insured) "AA"
See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein.

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1 OF ELLIS COUNTY

(A political subdivision of the State of Texas, located within Ellis County)

\$5,950,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated Date: October 1, 2026

Due: September 1, as shown on inside cover page

Interest Accrues: Delivery Date

The \$5,950,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are obligations of Myrtle Creek Municipal Management District No. 1 of Ellis County (the "District") and are not obligations of the State of Texas; Ellis County, Texas (the "County"); the City of Waxahachie, Texas (the "City"); or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

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

Principal of the Bonds is payable to the registered owner(s) of the Bonds at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. The Bonds are dated October 1, 2026, and interest on the Bonds accrues from the initial date of delivery (on or about October 6, 2026) (the "Delivery Date"), and is payable on March 1, 2027, and each September 1 and March 1 (each an "Interest Payment Date") thereafter until maturity or prior redemption to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds are issuable in principal denominations of \$5,000 or any integral multiple thereof in fully registered form only.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").



The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road improvements to serve the District (the "Road System"). Voters of the District authorized the issuance of the following unlimited tax bonds: \$1,657,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and \$572,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System or refunding bonds issued for such purpose. Following the issuance of the Bonds, \$1,657,000,000 principal amount of unlimited tax bonds for Utility System purposes or the refunding thereof and \$566,050,000 principal amount of unlimited tax bonds for Road System purposes or the refunding thereof will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

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

The Bonds are offered, when, as and if issued by the District to the winning bidders of the Bonds (the "Initial Purchaser") subject, among other things, to the approval of the Attorney General of Texas and of Winstead PC, Dallas, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about October 6, 2026.

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

\$5,950,000 Unlimited Tax Road Bonds, Series 2026

\$4.555,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 628584 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 628584 (b)
2028	\$95,000	7.250%	3.100%	AA2	2041 (c)	\$180,000	4.750%	4.800%	AP9
2029	100,000	7.250%	3.200%	AB0	2042 (c)	190,000	4.750%	4.850%	AQ7
2030	105,000	7.250%	3.300%	AC8	2043 (c)	200,000	4.750%	4.900%	AR5
2031	110,000	7.250%	3.400%	AD6	2044 (c)	210,000	4.875%	4.950%	AS3
2032	115,000	7.250%	3.500%	AE4	2045 (c)	220,000	4.875%	4.980%	AT1
2033 (c)	120,000	6.250%	3.600%	AF1	2046 (c)	230,000	5.000%	5.000%	AU8
2034 (c)	125,000	5.000%	3.850%	AG9	2047 (c)	240,000	5.000%	5.010%	AV6
2035 (c)	135,000	5.000%	4.000%	AH7	2048 (c)	255,000	5.000%	5.020%	AW4
2036 (c)	140,000	5.000%	4.150%	AJ3	2049 (c)	265,000	5.000%	5.030%	AX2
2037 (c)	145,000	5.000%	4.250%	AK0	2050 (c)	280,000	5.000%	5.040%	AY0
2038 (c)	155,000	5.000%	4.350%	AL8	2051 (c)	295,000	5.000%	5.050%	AZ7
2039 (c)	165,000	5.000%	4.450%	AM6	2052 (c)	310,000	5.000%	5.060%	BA1
2040 (c)	170,000	5.000%	4.550%	AN4					

\$1,395,000 Term Bonds

\$665,000 Term Bonds Due September 1, 2054 (c)(d), Interest Rate: 5.000% (Price: \$98.955) (a), CUSIP No. 628584 BC7 (b)

\$730,000 Term Bonds Due September 1, 2056 (c)(d), Interest Rate: 5.000% (Price: \$97.771) (a), CUSIP No. 628584 BE3 (b)

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (defined below). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc., on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2033, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on October 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

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.

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

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

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

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

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..	1	Registered Owners' Remedies	25
SALE AND DISTRIBUTION OF THE BONDS	4	Use and Distribution of Bond Proceeds	26
Award of the Bonds	4	THE DISTRICT	26
Prices and Marketability	4	General	26
Securities Laws	4	Authority	26
MUNICIPAL BOND INSURANCE	4	Management of the District	27
Bond Insurance Policy	4	Investment Policy	27
Build America Mutual Assurance Company	4	Consultants	27
RATINGS	6	DEVELOPMENT OF THE DISTRICT	28
OFFICIAL STATEMENT SUMMARY	7	Status of Development within the District	28
SELECTED FINANCIAL INFORMATION	10	Homebuilders within the District	28
INTRODUCTION	11	PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	29
RISK FACTORS	11	THE DEVELOPER	31
General	11	Role of the Developer	31
Factors Affecting Taxable Values and Tax		The Developer	31
Payments	11	Development Financing	31
Vacant Developed Lots	13	Lot-Sales Contracts	32
Operating Funds	13	THE UTILITY SYSTEM	32
Tax Collection Limitations	13	Regulation	32
Registered Owners' Remedies	13	Water Supply	32
Bankruptcy Limitation to Registered Owners'		Wastewater Treatment	32
Rights	14	Drainage	33
Future Debt	14	100 Year Flood Plain	33
Continuing Compliance with Certain Covenants	15	THE ROAD SYSTEM	33
Future and Proposed Legislation	15	DISTRICT DEBT	34
Marketability of the Bonds	15	Debt Service Requirement Schedule	35
Dissolution	15	Direct and Estimated Overlapping Debt	
Approval of the Bonds	15	Statement	36
Environmental Regulations	15	Debt Ratios	36
Potential Impact of Natural Disaster	17	TAXING PROCEDURES	36
Changes in Tax Legislation	17	Authority to Levy Taxes	36
Increase in Costs of Building Materials and		Property Tax Code and County-Wide Appraisal	
Labor Shortages	18	District	37
Cybersecurity	18	Property Subject to Taxation by the District	37
Bond Insurance Risk Factors	18	Valuation of Property for Taxation	38
THE BONDS	19	Tax Abatement	39
General	19	Reappraisal of Property after Disaster	39
Book-Entry-Only System	19	Tax Payment Installments After Disaster	39
Successor Paying Agent/Registrar	21	Agricultural, Open Space, Timberland and	
Registration, Transfer and Exchange	21	Inventory Deferral	39
Record Date for Interest Payment	21	Notice and Hearing Procedures	40
Redemption of the Bonds	22	District and Taxpayer Remedies	40
Mutilated, Lost, Stolen or Destroyed Bonds	23	Levy and Collection of Taxes	40
Authority for Issuance	23	Rollback of Operation and Maintenance Tax	
Source of Payment	23	Rate	40
Issuance of Additional Debt	23	District's Rights in the Event of Tax	
No Arbitrage	24	Delinquencies	41
Consolidation	24	TAX DATA	42
Funds	24	General	42
Defeasance	24	Tax Rate Limitation	42
Legal Investment and Eligibility to Secure		Maintenance Taxes	42
Public Funds in Texas	25	Additional Penalties	42

Historical Tax Collections.....	42	Qualified Tax-Exempt Obligations for Financial Institutions.....	48
Tax Rate Distribution	43	CONTINUING DISCLOSURE OF INFORMATION.....	48
Taxable Assessed Valuation Summary.....	43	Annual Reports.....	49
Principal Taxpayers	43	Event Notices	49
Tax Rate Calculations	44	Availability of Information from EMMA	49
Estimated Overlapping Taxes.....	44	Limitations and Amendments.....	49
LEGAL MATTERS.....	44	Compliance with Prior Undertakings	50
Legal Opinions.....	44	OFFICIAL STATEMENT.....	50
Legal Review	45	General.....	50
No-Litigation Certificate	45	Experts.....	50
No Material Adverse Change.....	45	Certification as to Official Statement.....	51
TAX MATTERS.....	46	Updating of Official Statement.....	51
Opinion	46	CONCLUDING STATEMENT.....	51
Federal Income Tax Accounting Treatment of		APPENDIX A Financial Statements of the District	
Original Issue Discount	47	APPENDIX B Specimen Municipal Bond Insurance	
Original Issue Premium.....	47	Policy	
Collateral Tax Consequences Summary.....	47		
State, Local, and Foreign Taxes.....	48		
Changes in Law	48		

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets (the “Initial Purchaser”). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS” on the inside cover page of this Official Statement, at a price of 97.003366% of the principal amount thereof, which resulted in a net effective interest rate of 5.177612%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The 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 reoffering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue a Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal

bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: <https://bambonds.com/>.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$505.6 million, \$295.6 million, and \$210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at <https://bambonds.com/>, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles/>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATINGS

The Bonds received an insured rating of “AA” from S&P solely in reliance upon the issuance of the Policy for the Bonds by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. 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 S&P, if in its judgment, circumstances so warrant.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District.....	Myrtle Creek Municipal Management District No. 1 of Ellis County (the “District”), a political subdivision of the State of Texas, is located within the city limits of the City of Waxahachie, Texas (the “City”) in Ellis County, Texas (the “County”). See “THE DISTRICT.”
The Bonds.....	The District’s \$5,950,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”). The Bonds are dated October 1, 2026, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest accrues from the initial date of delivery (on or about October 6, 2026) (the “Date of Delivery”), at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See “THE BONDS.”
Redemption of the Bonds	<u><i>Optional Redemption:</i></u> The Bonds maturing on or after September 1, 2033, are subject to redemption, in whole or from time to time in part, on October 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See “THE BONDS – Redemption of the Bonds – <i>Optional Redemption.</i>” <u><i>Mandatory Redemption:</i></u> The Bonds maturing on September 1, in the years 2054 and 2056, are term bonds (the “Term Bonds”). The Term Bonds are subject to certain mandatory sinking fund redemption provisions as set forth herein under “THE BONDS – Redemption of the Bonds – <i>Mandatory Redemption.</i>”
Source of Payment	Principal of and interest on the Bonds is payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas, the County, the City, or any other political subdivision or entity other than the District. See “THE BONDS – Source of Payment.”
Payment Record.....	The Bonds constitute the first series of unlimited tax bonds issued by the District.
Authority for Issuance.....	The Bonds are issued pursuant to (i) a order of the District’s Board of Directors authorizing the issuance of the Bonds (the “Bond Order”); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 375 of the Texas Local Government Code, as amended; and (iii) the election held within the District on November 5, 2024. See “THE BONDS – Authority for Issuance.”
Use of Bond Proceeds.....	Proceeds from sale of the Bonds will be used to reimburse the Developer, or its assignee (herein defined) for expenditures related to certain road improvements in the District as set out herein under “THE BONDS – Use and Distribution of Proceeds of the Bonds.” Proceeds of the Bonds will also be used to pay developer interest, eighteen (18) months of capitalized interest and to pay costs of

issuance of the Bonds. See “THE BONDS – Use and Distribution of Proceeds of Bonds” for further information.

Qualified Tax-Exempt Obligations.....	The Bonds have been “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”. See “MUNICIPAL BOND INSURANCE.”
Ratings	S&P Global Ratings (BAM Insured): “AA.” See “RATINGS” above.
Bond Counsel	Winstead PC, Dallas, Texas. See “LEGAL MATTERS.”
General Counsel.....	Allen Boone Humphries Robinson LLP., Dallas, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor.....	Cedar Creek Municipal Advisors LLC, Irving, Texas.
Paying Agent/Registrar.....	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description.....	The District was created by order of the Texas Commission on Environmental Quality issued August 9, 2024. The District was created as a Municipal Management District under Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates under Chapter 375 of the Texas Local Government Code, and Chapters 49 and 54 of the Texas Water Code. The City adopted Resolution No. 1359, granting conditional consent to the creation of the District on February 19, 2024. See “THE DISTRICT.”
Location	The District encompasses approximately 1,263.272 acres of land located entirely within the corporate limits of the City and is located approximately 30 miles south of downtown Dallas, Texas and within the County.
The Developer.....	Spur Myrtle Creek Development LP is the current primary developer of land in the District. The Developer is managed by Spur Myrtle Creek Development an affiliate of Starwood Land Advisors, LLC (“Starwood”). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District. The Developer is a thinly capitalized entity whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has minimal revenues and is currently operating at a net loss during the development phase of this project. Spur Myrtle Creek Development has entered into a management agreement with Axim Partners LP (“Axim”), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines Interest LP, the previous land owner, as development managers for the District. See “THE DEVELOPER.” The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.
Development within the District.....	To date, approximately 157.169 acres within the District have been developed as 353 total single-family lots in the following residential sections: Phase 1A, Phase 1B, Phase 1C, and Phase 1D. In addition,

approximately 25.416 acres (84 lots) as Phase 2A; approximately 53.285 acres (183 lots) as Phases 2B-1/2B-2; approximately 32.528 acres (37 lots) as Phase 2C; and approximately 29.678 acres (75 lots) as Phase 2D are currently being developed. As of July 1, 2026, the District included approximately 109 completed homes (approximately 89 occupied, 10 unoccupied, and 10 model homes); approximately 13 homes under construction; and approximately 231 vacant developed lots. There are approximately 836.496 acres of undeveloped but developable land and approximately 128.70 acres of undevelopable land in the District. See “DEVELOPMENT OF THE DISTRICT – Status of Development within the District.”

Homebuilders within the DistrictThe active homebuilders in the District are Perry Homes, DFH Coventry Homes, Weekley Homes, Unionmain Homes, Impression Homes, Landsea Homes (acquired by Risewell Homes), and Highland Homes. Prices of homes being constructed in the District range in price from approximately \$326,990 – \$749,910 and range in size from approximately 1,491 square-feet to 4,200 square-feet. See “DEVELOPMENT OF THE DISTRICT – Homebuilders within the District.”

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Taxable Assessed Valuation.....	\$	59,018,787	(a)
Estimate of Value as of July 1, 2026.....	\$	113,324,521	(b)
Direct Debt:			
The Bonds.....	\$	5,950,000	
Total	\$	5,950,000	
Estimated Overlapping Debt	\$	7,327,857	(c)
Total Direct and Estimated Overlapping Debt	\$	13,277,857	(c)
Direct Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		10.08	%
As a percentage of the Estimate of Value as of July 1, 2026.....		5.00	%
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2026 Taxable Assessed Valuation		21.09	%
As a percentage of the Estimate of Value as of July 1, 2026.....		10.98	%
Road System Debt Service Fund Balance (as of the Date of Delivery)	\$	463,275	(d)
General Operating Fund Balance (as of August 27, 2026).....	\$	15,667	(e)
2026 Tax Rate			
Utility System Debt Service	\$	0.0000	
Road System Debt Service	\$	0.0000	
Maintenance and Operations.....	\$	0.6000	
Total	\$	0.6000	(f)
Average Annual Debt Service Requirement (2027-2056).....	\$	389,910	(g)
Maximum Annual Debt Service Requirement (2028)	\$	403,850	(g)
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds (2027-2056):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	\$	0.70	
Based on the Estimate of Value as of July 1, 2026, at 95% Tax Collections	\$	0.37	
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2028):			
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	\$	0.73	
Based on the Estimate of Value as of July 1, 2026, at 95% Tax Collections	\$	0.38	

- (a) As certified by the Ellis Appraisal District ("Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES." See "TAX DATA" and "TAXING PROCEDURES."
- (b) An Estimate of Market Value of \$113,324,521 as of July 1, 2026 has been provided by the Appraisal District for informational purposes only. The estimated taxable value of \$113,324,521 includes \$3,202,788 in estimated exemptions as provided by the Appraisal District. This amount is an estimate of the value of all taxable property located within the District as of July 1, 2026 and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026 through July 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest to be deposited into the Road System Debt Service Fund (defined herein) upon closing of the Bonds. Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System.
- (e) See "RISK FACTORS – Operating Funds."
- (f) See "TAX DATA – Tax Rate Distribution."
- (g) See "DISTRICT DEBT – Debt Service Requirement Schedule."

OFFICIAL STATEMENT

relating to

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1 OF ELLIS COUNTY

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

\$5,950,000

UNLIMITED TAX ROAD BONDS

SERIES 2026

INTRODUCTION

This Official Statement of Myrtle Creek Municipal Management District No. 1 of Ellis County (the “District”) is provided to furnish information with respect to the issuance by the District of its \$5,950,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to (i) a order of the District’s Board of Directors authorizing the issuance of the Bonds (the “Bond Order”); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 375 of the Texas Local Government Code, as amended; and (iii) the election held within the District on November 5, 2024.

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

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

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Ellis County, Texas (the “County”); the City of Waxahachie, Texas (the “City”); or any political subdivision other than the District. The Bonds are secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located within the District. See “THE BONDS – Source of Payment.” The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential, commercial and retail industries, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly on short-term interest rates at which developers are able to obtain financing for development costs.

Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles south of downtown Dallas, Texas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Dallas metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of Dallas and the nation could adversely affect development plans in the District and restrain the growth of the District’s property tax base.

Competition: The demand for and construction of single-family homes in the District could be affected by competition from other residential developments, including other residential developments located in the northern portion of the Dallas area market. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of a builder in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District.

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing development industry in the Dallas-Fort Worth metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including oil and gasoline prices, upon which the Texas economy is heavily dependent. Downturns in the real estate market, mortgage rates, and other factors beyond the control of the Developer or homebuilders, including general economic conditions, may impact the timing of lot and home sales within the District. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District.

Dependence on Major Taxpayers and the Developer: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's top ten principal taxpayers, which is comprised of the Developer and homebuilders, as of January 1, 2026, owned approximately 49.04% of the assessed value of property located in the District. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers or (ii) less concentrated in property owned by a relatively small number of property owners than it is currently. Failure by the Developer or one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements, the availability of which is uncertain. See "RISK FACTORS – Tax Collection Limitations" below and "THE DEVELOPER" herein.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Developers Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer 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 any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on 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 the 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 Developer (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer will be or what effect, if any, such conditions may have on its ability to pay taxes. See "THE DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

Maximum Impact on District Tax Rate: 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 2026 Taxable Assessed Valuation of all taxable property located within the District is \$59,018,787 and the Estimate of Value as of July 1, 2026, is \$113,324,521. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds (2028) is \$403,850, and the average annual debt service requirement on the Bonds (2027-2056) is \$389,910. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, debt service tax rates of \$0.73 and \$0.38 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the Estimate of Value as of July 1, 2026, debt service tax rates of \$0.38

and \$0.37 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

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

Vacant Developed Lots

As of July 1, 2026, approximately 231 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Operating Funds

The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District levied a 2026 maintenance tax of \$0.60 per \$100 of assessed valuation. The District's general fund balance as of August 27, 2026, 2026 was \$15,667. The revenue produced from a \$0.60 maintenance tax in 2026 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developer and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. To date, the District has been dependent on developer advances to balance the district operating budget. See "TAXING PROCEDURES - Rollback of Operation and Maintenance Tax Rate."

Tax Collection Limitations

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

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

Notwithstanding noncompliance by the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until 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 proceeds and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owners' claim.

If the petitioning District were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district. The District may not be placed into bankruptcy involuntarily.

Future Debt

At an election held within the District on November 5, 2024, voters of the District authorized the District's issuance of \$1,657,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and \$572,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, \$1,657,000,000 principal amount of unlimited tax bonds for the Utility System; \$566,050,000 principal amount of unlimited tax bonds for the Road System; \$1,657,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Utility System; and \$572,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Road System will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developer approximately \$15,799,481 for the current expenditures related to the construction of the Utility System and \$10,281,960 for the current expenditures related to the construction of the Road System on behalf of the District.

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

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

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

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

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

Marketability of the Bonds

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

Dissolution

The City Council of the City, by a vote of not less than two-thirds of its membership, may adopt an ordinance dissolving the District. On the adoption of such ordinance, the District would be dissolved, and the City would succeed to the property and assets of the District and assume all bonds, debts, obligations, and liabilities of the District, including the Bonds. Dissolution of the District is within the policymaking discretion of the City, and no assurances can be made with respect to the City's ability to meet its obligations, including payment of the Bonds upon dissolution; however, the Development Agreement (herein defined) provides that the City may dissolve the District only once the District has issued bonds sufficient to fully reimburse the Developer for all its costs in connection with the District facilities required for full build out.

Approval of the Bonds

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

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the TCEQ may impact new industrial, commercial and residential development in the Dallas-Fort Worth area. Under the Clean Air Act (“CAA”) Amendments of 1990, a ten-county Dallas-Fort Worth area (“2008 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Kaufman, and Wise Counties – has been designated a “severe” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area (“2015 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Kaufman, and Wise Counties has been designated a “moderate” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of August 3, 2024.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the area’s economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2023, which is a general permit

authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the city of Waxahachie (the “City”), to participate in the City’s program to develop, implement, and maintain the required plan (the “MS4 Permit Plan”) as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City’s MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

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

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

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

Potential Impact of Natural Disaster

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

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

Changes in Tax Legislation

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

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the construction of utility and road facilities and homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Cybersecurity

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

Bond Insurance Risk Factors

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

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment

decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE” herein for further information provided by the Bond Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds. Copies of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. 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 are dated October 1, 2026. The Bonds will mature on September 1 of the years and in the principal amounts, and will bear interest from the initial date of delivery (on or about October 6, 2026), at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable March 1, 2027, and semiannually thereafter on each September 1 and March 1 until maturity or redemption.

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

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

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

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

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

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check

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

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

Redemption of the Bonds

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

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

Mandatory Redemption: The Bonds maturing on September 1 in the years 2054 and 2056 are term bonds (the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

<u>\$665,000 Term Bonds Maturing on September 1, 2054</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2053	\$ 325,000
September 1, 2054 (Maturity)	\$ 340,000
 <u>\$730,000 Term Bonds Maturing on September 1, 2056</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2055	\$ 355,000
September 1, 2056 (Maturity)	\$ 375,000

The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District, by the principal amount of any Term Bonds of such maturity which, at least thirty (30) days prior to a Mandatory Redemption Date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with monies in the applicable debt service fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirements.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are issued pursuant to (i) a order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 375 of the Texas Local Government Code, as amended; and (iii) the election held for the District on November 5, 2024.

Source of Payment

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

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

Issuance of Additional Debt

At an election held within the District on November 5, 2024, voters of the District authorized the District's issuance of \$1,657,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer and drainage facilities to serve the District (the "Utility System") or refunding bonds issued for such purpose and \$572,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") or refunding bonds issued for such purpose.

The Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing the Road System. Following the issuance of the Bonds, \$1,657,000,000 principal amount of unlimited tax bonds for the Utility System; \$566,050,000 principal amount of unlimited tax bonds for the Road System; \$1,657,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Utility System; and \$572,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds previously issued for the Road System will remain authorized but unissued.

Based on current calculations and information available and provided to date, after reimbursement with the proceeds of the Bonds, the District will still owe the Developer approximately \$15,799,481 for the current expenditures related to the construction of the Utility System and \$10,281,960 for the current expenditures related to the construction of the Road System on behalf of the District.

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

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

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

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

Election Date	Purpose	Amount Authorized	Issued to Date	Remaining Unissued
11/5/2024	Utility System & Refunding	\$1,657,000,000	–	\$1,657,000,000
11/5/2024	Road System & Refunding	\$572,000,000	\$5,950,000 (a)	\$566,050,000

(a) Includes the Bonds.

No Arbitrage

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

Consolidation

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

Funds

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

Defeasance

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

a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners' Remedies

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

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

execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

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

Use and Distribution of Bond Proceeds

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

<u>Construction Costs</u>	<u>Amount</u>
A. Phase 1A Roads - Paving	\$ 1,150,445
B. Phase 1B Roads - Paving	3,023,708
C. Phase 1C Roads – Paving (a)	769,742
Total Construction Costs	\$ 4,943,895
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 153,750
B. Financial Advisor Fees	119,000
C. Interest Cost	
1. Capitalized Interest (18 Months)	463,275
D. Bond Discount	178,300
E. Bond Issuance Expenses	54,393
F. Bond Engineering Report	25,950
G. Attorney General Fee (0.10% or a maximum of \$9,500)	5,950
H. Contingency (b)	5,487
Total Non-Construction Costs	\$ 1,006,105
 TOTAL ROAD BOND ISSUANCE	 \$ 5,950,000

(a) Partial funding.

(b) Represents the difference between actual and allotted Bond Discount and Capitalized Interest.

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

THE DISTRICT

General

The District is a conservation and reclamation district of the State, created by order of the Texas Commission on Environmental Quality issued August 9, 2024. The District was created as a Municipal Management District under Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates under Chapter 375 of the Texas Local Government Code and Chapters 49 and 54 of the Texas Water Code.

Authority

The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly, Chapters 49 and 54 of the Texas Water Code, as amended, Article III, Section 52, and Section 59, Article XVI, of the Texas Constitution, and Chapter 375 of the Texas Local Government Code, as amended.

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

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

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Karena Hauter	President	2030
Jason Kaiser	Vice President	2030
Elliott Newsom	Secretary	2028
John Crew	Assistant Secretary	2028
Jorge Gonzalez-Rodiles	Assistant Secretary/ Assistant Vice President	2028

Investment Policy

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

Consultants

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

Tax Assessor/Collector: The District has engaged Utility Tax Services, LLC as the District’s “Tax Assessor/Collector.” The Tax Assessor/Collector applies the District’s tax and assessment levies to the tax roll prepared by the Ellis Appraisal District (the “Appraisal District”). The Tax Assessor/Collector also manages delinquency in the payment of any annual installment and/or taxes.

Bookkeeper: The District’s bookkeeper is Municipal Accounts & Consulting, LP.

Auditor: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended February 28, 2026. See “APPENDIX A” for a copy of the District’s February 28, 2026, audited financial statements.

Engineer: The District’s engineer is Jones-Heroy & Associates, Inc. (the “Engineer”).

Bond Counsel: The District has engaged Winstead PC, Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds.

General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as General Counsel to the District. The legal fees to be paid to General Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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

Financial Advisor: Cedar Creek Municipal Advisors, LLC., Irving, Texas, has been engaged as “Financial Advisor” to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for

services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT OF THE DISTRICT

To date, approximately 157.169 acres within the District have been developed as 353 total single-family lots in the following residential sections: Phase 1A, Phase 1B, Phase 1C, and Phase 1D. In addition, approximately 25.416 acres (84 lots) as Phase 2A; approximately 53.285 acres (183 lots) as Phases 2B-1/2B-2; approximately 32.528 acres (37 lots) as Phase 2C; and approximately 29.678 acres (75 lots) as Phase 2D are currently being developed. As of July 1, 2026, the District included approximately 109 completed homes (approximately 89 occupied, 10 unoccupied, and 10 model homes); approximately 13 homes under construction; and approximately 231 vacant developed lots. There are approximately 836.496 acres of undeveloped but developable land and approximately 128.70 acres of undevelopable land in the District.

Status of Development within the District

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

Section	Section Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots ^(a)
Phase 1A ^(b)	25.116	10	9	1	-
Phase 1B	54.066	162	53	5	104
Phase 1C	64.894	135	47	5	83
Phase 1D	13.093	46	-	2	44
Totals	157.169	353	109	13	231
Residential Developed	157.169				
Residential Under Development ^(c)	140.907				
Undevelopable	128.700				
Remaining Developable	836.496				
District Total	1,263.272				

(a) See "RISK FACTORS – Vacant Developed Lots."

(b) Acreage shown inclusive of amenity center.

(c) Consists of Phase 2A (84 lots on 25.416 acres), Phase 2 B-1 & 2B-2 (183 lots on 53.285 acres), Phase 2C (37 lots on 32.528 acres), and Phase 2D (75 lots on 29.678 acres).

Homebuilders within the District

The active homebuilders in the District are Perry Homes, DFH Coventry Homes, Weekley Homes, Unionmain Homes, Impression Homes, Landsea Homes (acquired by Risewell Homes), and Highland Homes. Prices of homes being constructed in the District range in price from approximately \$326,990 – \$749,910 and range in size from approximately 1,491 square-feet to 4,200 square-feet.

[Remainder of this page intentionally left blank.]

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2026)



PHOTOGRAPHS TAKEN IN THE DISTRICT
(June 2026)



THE DEVELOPER

Role of the Developer

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

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

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

The Developer

Spur Myrtle Creek Development LP is the current primary developer of land in the District. The Developer is managed by Spur Myrtle Creek Development an affiliate of Starwood Land Advisors, LLC ("Starwood"). Starwood is a Florida-based real estate investment firm focused on the acquisition and development of large residential master-planned communities and mixed-use projects. Starwood may, but is not obligated to, provide capital to Developer during the development phase. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District. The Developer is a thinly capitalized entity whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has minimal revenues and is currently operating at a net loss during the development phase of this project. Spur Myrtle Creek Development has entered into a management agreement with Axim Partners LP ("Axim"), for the purpose of managing the day-to-day development activities within the District. The founding partners of Axim previously worked for Hines as development managers for the District. The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.

Development Financing

The Developer obtained financing for a portion of the development through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued \$43,143,699.44 Capital Appreciation Bonds (Myrtle Creek Project) Series 2025 (the "Launch Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the future sale of unlimited tax bonds issued by the District, including the Bonds. According to the Developer, they are currently in compliance with all material representations and certifications made with respect to the Launch Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See "RISK FACTORS – Approval of the Bonds."

Lot-Sales Contracts

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

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

Homebuilder	Total Lots Contracted	Total Lots Purchased
Perry Homes	206	56
DFH Coventry Homes	83	28
Weekley Homes	88	23
Unionmain Homes	94	28
Impression Homes	90	28
Landsea Homes (a)	88	30
Highland Homes	88	23
Totals	737	216

(a) Landsea Homes of Texas was acquired by Risewell Homes.

THE UTILITY SYSTEM

Regulation

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

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

Water Supply

The District is located within the City's CCN No. 10915 issued by the Public Utility Commission of Texas to provide retail water service. The City provides retail water service to the District under the terms of the Development Agreement (dated June 3, 2024) (the "Agreement") and a subsequently issued service letter agreement from the City confirming that it will serve the District. The City is required by the Water Code and PUC rules to provide continuous, adequate service to the property within its CCN. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for water service in an amount equal to a monthly service charge for 5/8-inch x 3/4-inch meter of \$22.39 (flat rate for service up to 1,500 Gallons), plus water volume rates of the following;

1,501-10,000 Gallons	\$5.90/gallon
10,001-20,000 Gallons	\$6.84/gallon
20,001-30,000 Gallons	\$7.74/gallon
30,001-40,000 Gallons	\$8.58/gallon
40,001 and above Gallons	\$9.72/gallon

Wastewater Treatment

The District is located within the City's CCN No. 10915 issued by the Public Utility Commission of Texas to provide for wastewater treatment service. Under the Agreement, the City agrees to provide wastewater treatment to serve full development within the District and will own and maintain all infrastructure that is

necessary to provide such services. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for wastewater service an amount equal to a monthly service charge for 5/8-inch x 3/4-inch meter of \$29.67 (flat rate for first 1,500 gallons of water), plus wastewater volume rate of the following;

1,501-11,000 Gallons	\$5.23/gallon
11,001 and above	\$79.37 max

Drainage

The drainage of the entire District is distributed through a storm sewer system consisting of inlets and storm sewer piping which outfalls into detention ponds before eventually flowing into the Wolf Branch of Mustang Creek and eventually into Bardwell Lake. See "RISK FACTORS – Environmental Regulations - *Water Supply & Discharge Issues.*"

100 Year Flood Plain

According to the Federal Emergency Management Agency Map Panel Nos. 48139C0350F dated June 3, 2013 and 48139C0195G dated October 19, 2023, approximately 128.70 acres within the District are located in the 100-year flood plain. Such acreage is not considered to be developable and no development within the District is expected to occur within the 100 year flood plain.

THE ROAD SYSTEM

The residential sections that have been developed in the District to date are served by certain segments of Dartmoor Drive that are designated as collector roadway on the thoroughfare plan of the City. The internal subdivision streets of the developed sections in the District direct residents to Dartmoor Drive. The design and construction of all roadways and associated improvements within the District are subject to the specifications and terms of the Agreement.

[Remainder of this page intentionally left blank.]

**DISTRICT DEBT
(UNAUDITED)**

2026 Taxable Assessed Valuation.....	\$ 59,018,787	(a)
Estimate of Value as of July 1, 2026.....	\$ 113,324,521	(b)
Direct Debt:		
The Bonds.....	\$ 5,950,000	
Total	\$ 5,950,000	
Estimated Overlapping Debt	\$ 7,327,857	(c)
Total Direct and Estimated Overlapping Debt	\$ 13,277,857	(c)
Direct Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	10.08	%
As a percentage of the Estimate of Value as of July 1, 2026.....	5.00	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2026 Taxable Assessed Valuation	21.09	%
As a percentage of the Estimate of Value as of July 1, 2026.....	10.98	%
Road System Debt Service Fund Balance (as of the Date of Delivery).....	\$ 463,275	(d)
General Operating Fund Balance (as of August 27, 2026).....	\$ 15,667	(e)
2026 Tax Rate		
Utility System Debt Service	\$ 0.0000	
Road System Debt Service	\$ 0.0000	
Maintenance and Operations.....	\$ 0.6000	
Total	\$ 0.6000	(f)
Estimated Average Annual Debt Service Requirement (2027-2056)	\$ 389,910	(g)
Estimated Maximum Annual Debt Service Requirement (2028).....	\$ 403,850	(g)
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Bonds (2027-2056):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.70	
Based on the Estimate of Value as of July 1, 2026, at 95% Tax Collections.....	\$ 0.37	
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds (2028):		
Based on the 2026 Taxable Assessed Valuation at 95% Tax Collections	\$ 0.73	
Based on the Estimate of Value as of July 1, 2026, at 95% Tax Collections.....	\$ 0.38	

- (a) As certified by the Ellis Appraisal District ("Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES." See "TAX DATA" and "TAXING PROCEDURES."
- (b) An Estimate of Market Value of \$113,324,521 as of July 1, 2026 has been provided by the Appraisal District for informational purposes only. The estimated taxable value of \$113,324,521 includes \$3,202,788 in estimated exemptions as provided by the Appraisal District. This amount is an estimate of the value of all taxable property located within the District as of July 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026 through July 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest to be deposited into the Road System Debt Service Fund (defined herein) upon closing of the Bonds. Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System.
- (e) See "RISK FACTORS – Operating Funds."
- (f) See "TAX DATA – Tax Rate Distribution."
- (g) See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the annual principal and interest requirements of the Bonds.

Calendar Year	Principal	Interest	Debt Service
2027	\$ -	\$ 278,823	\$ 278,823
2028	95,000	308,850	403,850
2029	100,000	301,963	401,963
2030	105,000	294,713	399,713
2031	110,000	287,100	397,100
2032	115,000	279,125	394,125
2033	120,000	270,788	390,788
2034	125,000	263,288	388,288
2035	135,000	257,038	392,038
2036	140,000	250,288	390,288
2037	145,000	243,288	388,288
2038	155,000	236,038	391,038
2039	165,000	228,288	393,288
2040	170,000	220,038	390,038
2041	180,000	211,538	391,538
2042	190,000	202,988	392,988
2043	200,000	193,963	393,963
2044	210,000	184,463	394,463
2045	220,000	174,225	394,225
2046	230,000	163,500	393,500
2047	240,000	152,000	392,000
2048	255,000	140,000	395,000
2049	265,000	127,250	392,250
2050	280,000	114,000	394,000
2051	295,000	100,000	395,000
2052	310,000	85,250	395,250
2053	325,000	69,750	394,750
2054	340,000	53,500	393,500
2055	355,000	36,500	391,500
2056	375,000	18,750	393,750
Total	\$ 5,950,000	\$ 5,747,298	\$11,697,298

Average Annual Debt Service Requirements on the Bonds (2027-2056) \$389,910

Maximum Annual Debt Service Requirements on the Bonds (2028) \$403,850

[Remainder of this page intentionally left blank.]

Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt	Overlapping	
	May 31, 2026	Percent	Amount
City of Waxahachie	\$7,972,221,811	0.84%	\$2,094,390
Ellis County	39,198,444,896	0.17%	31,482
Waxahachie Independent School District	8,564,760,288	0.78%	5,201,985
Total Estimated Overlapping Debt			7,327,857
The District (a).....			5,950,000
Total Direct & Estimated Overlapping Debt.....			13,277,857

(a) Includes the Bonds.

Debt Ratios

Ratios of Direct Debt (a):

As a percentage of the 2026 Taxable Assessed Valuation.....	10.08	%
As a percentage of the Estimate of Value as of July 1, 2026	5.00	%

Ratios of Direct and Estimated Overlapping Debt (a):

As a percentage of the 2026 Taxable Assessed Valuation.....	21.09	%
As a percentage of the Estimate of Value as of July 1, 2026	10.98	%

(a) Includes the Bonds.

TAXING PROCEDURES

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

Authority to Levy Taxes

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

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

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District has not adopted disabled or over 65 exemptions.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the state to exempt up to twenty percent (20%) of the appraised market value of residential

homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

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

Valuation of Property for Taxation

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

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

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

cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

Tax Abatement

The City or County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Ellis County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, neither the City nor Ellis County have designated any of the area within the District as a reinvestment zone.

Reappraisal of Property after Disaster

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

Tax Payment Installments After Disaster

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

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

Agricultural, Open Space, Timberland and Inventory Deferral

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

Notice and Hearing Procedures

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

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

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other

taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds for the purpose of acquiring or constructing the Utility System or Road System that may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. The District levied a 2026 tax rate of \$0.60 per \$100 of assessed valuation comprised fully of maintenance and operations.

Tax Rate Limitation

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

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation. For the 2026 tax year, the Board levied a maintenance and operations tax rate of \$0.60 per \$100 assessed taxable valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on: (i) the Outstanding Bonds, (ii) the Bonds, and (iii) any bonds issued in the future.

Additional Penalties

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

Historical Tax Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Adjusted Levy</u>	<u>Collections Current Year</u>	<u>Current Year Ended 9/30</u>	<u>Collections 6/30/2026</u>
2025 ^(a)	\$1,384,205	\$0.6000	\$8,305	94.94%	2026	94.94%
2026	59,018,787	0.6000	354,113	(b)	2027	(b)

(a) The District levied its first tax rate in 2025

(b) In process of collections

Tax Rate Distribution

	2026	2025
Utility System Debt Service	-	-
Road System Debt Service	-	-
Maintenance and Operations	\$0.6000	\$0.6000
Total	\$0.6000	\$0.6000

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2025–2026 tax rolls as certified by the Appraisal District.

Type of Property	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation
Land	\$32,759,097	\$12,772,768
Improvements	34,711,280	1,050
Personal Property	-	-
Exemptions	(8,451,590)	(11,389,613)
Total	\$59,018,787	\$1,384,205

Principal Taxpayers

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

Taxpayer	Types of Property	Taxable Value 2026 Tax Roll	Percent of District Value
Spur Myrtle Creek Development (a)	Land & Improvements	\$ 7,897,223	13.38%
DFH Coventry LLC (b)	Land & Improvements	4,499,819	7.62%
Perry Homes LLC (b)	Land & Improvements	3,711,393	6.29%
Weekley Homes LLC (b)	Land & Improvements	2,743,195	4.65%
Unionmain Homes LLC (b)	Land & Improvements	2,602,913	4.41%
Impression Homes LLC (b)	Land & Improvements	2,507,736	4.25%
Landsea Homes of Texas LLC (b)(c)	Land & Improvements	1,426,834	2.42%
Antares Acquisition LLC (b)(c)	Land & Improvements	1,329,396	2.25%
Highland Homes Dallas LLC (b)	Land & Improvements	1,116,000	1.89%
Spur Myrtle Creek Land LP (a)	Land	1,105,428	1.87%
Total		\$ 28,939,937	49.04%

(b) See "THE DEVELOPER."

(c) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

(d) Antares Acquisition LLC was acquired by Landsea Homes of Texas, which was subsequently acquired by Risewell Homes.

[Remainder of this page intentionally left blank.]

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per \$100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds, if no growth in the District's tax base occurs beyond the 2026 Taxable Assessed Valuation (\$59,018,787) or the Estimate of Value as of July 1, 2026 (\$113,324,521). The calculations assume collection of 95% of taxes levied and the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027-2056)	\$389,910
Debt Service Tax Rate of \$0.70 on the 2026 Taxable Assessed Valuation produces	\$392,475
Debt Service Tax Rate of \$0.37 on the Estimate of Value as of July 1, 2026, produces	\$398,336
Maximum Annual Debt Service Requirement (2028)	\$403,850
Debt Service Tax Rate of \$0.73 on the 2026 Taxable Assessed Valuation produces	\$409,295
Debt Service Tax Rate of \$0.38 on the Estimate of Value as of July 1, 2026, produces	\$409,102

Estimated Overlapping Taxes

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

Set forth below is an estimation of all 2025 taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2025 Tax Rate</u>
The District (a)	\$0.600000
City of Waxahachie	\$0.610000
Ellis County	\$0.018214
Northwest Independent School District	\$1.168100
Waxahachie Public Improvement District No. 1	(b)
Total Tax Rate	\$2.652092

(a) The District levied a 2026 tax rate of \$0.60 per \$100 of assessed valuation.

(b) The District is located within Waxahachie Public Improvement District No. 1 and the City has the ability to levy assessments through the public improvement district, thus increasing the tax burden within the District. However, the City covenants in the Development Agreement not to levy assessments over the property unless requested by the Developer.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Winstead PC, Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Bondholders may be limited by laws relating to governmental immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel

will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount upon all taxable property within the District, and that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum tax.

The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel.

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

Legal Review

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of a continuing direct 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 approving 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 pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS" (except for information under the subheading "Estimated Use and Distribution of Bond Proceeds"), "THE DISTRICT," "TAXING PROCEDURES," "LEGAL MATTERS - Legal Opinions," and "TAX MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm'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 of the other information contained herein.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by the authorized members of the Board, 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 attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Initial 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 in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

Opinion

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

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

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

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

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

The opinions set forth above are based on existing law and Bond Counsel’s knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any

changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

Original Issue Premium

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

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise

eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by section 884 of the Code.

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

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

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

State, Local, and Foreign Taxes

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

Changes in Law

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

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

Qualified Tax-Exempt Obligations for Financial Institutions

The District has designated the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”). “Qualified tax-exempt obligations” under section 265(b)(3) of the Code affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for SEC Rule 15c2-12 (the “Rule”) (d)(2) exemption from SEC Rule (b)(5) regarding the District’s continuing disclosure obligations because the District has not issued more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond 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”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) System.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information and data to be updated include all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in "APPENDIX A."

The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2027. Any financial statements provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report becomes available.

The District's fiscal year end is currently February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond 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."

Availability of Information from EMMA

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information

that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

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

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended February 28, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, has agreed to the publication of its audit opinion on such financial statements in this Official Statement..

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER," and "DEVELOPMENT OF THE DISTRICT" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled "THE BONDS", "THE DISTRICT," "DEVELOPMENT OF THE DISTRICT," and "THE UTILITY SYSTEM" and "THE ROAD SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Myrtle Creek Municipal Management District No. 1 of Ellis County as of the date shown on the cover page hereof.

/s/ Karena Hauter
President, Board of Directors
Myrtle Creek Municipal Management District No. 1 of
Ellis County

ATTEST:

/s/ Elliot Newsom
Secretary, Board of Directors
Myrtle Creek Municipal Management District No. 1 of Ellis County

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY**

ELLIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2026

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	9
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	11
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	12
NOTES TO THE FINANCIAL STATEMENTS	13-21
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	23
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	25
GENERAL FUND EXPENDITURES	26
TAXES LEVIED AND RECEIVABLE	27-28
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - ONE YEAR	29
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	30-31

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
Myrtle Creek Municipal Management
District No. 1 of Ellis County
Ellis County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Myrtle Creek Municipal Management District No. 1 of Ellis County (the "District"), as of and for the year ended February 28, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of February 28, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Myrtle Creek Municipal Management District No. 1 of Ellis County

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

August 3, 2026

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026**

Management's discussion and analysis of the financial performance of Myrtle Creek Municipal Management District No. 1 of Ellis County (the "District") provides an overview of the District's financial activities for the year ended February 28, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, developer advances, property tax revenues, and administrative expenditures.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$717,276 as of February 28, 2026. This is the District's first audit. In future years a comparative analysis of government-wide changes in net position will be presented.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position for the year ended February 28, 2026:

	Summary of the Statement of Net Position <u>2026</u>
Current and Other Assets	\$ 12,589
Capital Assets (Net of Depreciation)	<u>24,764,962</u>
Total Assets	<u>\$ 24,777,551</u>
Due to Developer	\$ 25,475,702
Other Liabilities	<u>19,125</u>
Total Liabilities	<u>\$ 25,494,827</u>
Net Position:	
Net Investment in Capital Assets	\$ (655,740)
Unrestricted	<u>(61,536)</u>
Total Net Position	<u><u>\$ (717,276)</u></u>

The following table provides a summary of the District's operations for the year ended February 28, 2026, which is the initial audit period for the District.

	Summary of the Statement of Activities <u>2026</u>
Revenues:	
Property Taxes	\$ 8,305
Total Expenses	<u>701,481</u>
Change in Net Position	\$ (693,176)
Net Position, Beginning	<u>(24,100)</u>
Net Position, Ending	<u><u>\$ (717,276)</u></u>

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund had a deficit fund balance of \$8,006 as of February 28, 2026 (see Note 9).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a General Fund budget for the current fiscal year. Actual revenues were \$6,835 more than budgeted revenues, actual expenditures were \$25,659 less than budgeted expenditures, and actual developer advances were \$36,400 less than budgeted advances. This resulted in a negative budget variance of \$3,906. See the budget to actual comparison for more information.

CAPITAL ASSETS

The City of Waxahachie, Texas is responsible for operation and maintenance of roads, water, sanitary sewer, and storm sewer infrastructure located within the District. The District's policy is to record its investment in road and utilities infrastructure as capital assets in its financial statements as well as the associated long-term liabilities to finance the costs of such facilities which are used for the benefit of residents within the District. Completed capital assets as of year end are summarized in the following schedule:

Capital Assets At Year-End	
	2026
Capital Assets, Subject to Depreciation:	
Water System	\$ 4,771,780
Wastewater System	5,396,072
Drainage System	5,515,748
Roads	9,737,102
Less Accumulated Depreciation	<u>(655,740)</u>
Total Capital Assets, Net	<u>\$ 24,764,962</u>

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026**

LONG-TERM DEBT

The developer, on behalf of the District, has made operating advances as well as paid for the construction of certain completed infrastructure totaling \$25,475,702 which the District is obligated to reimburse using proceeds of future bond sales or other lawfully available funds.

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 Myrtle Creek Municipal Management District No. 1 of Ellis County, c/o Allen Boone Humphries Robinson LLP, 4514 Cole Avenue, Suite 1450, Dallas, Texas 75205.

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
FEBRUARY 28, 2026

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 11,119	\$	\$ 11,119
Property Taxes Receivable	1,470		1,470
Capital Assets (Net of Accumulated Depreciation)		<u>24,764,962</u>	<u>24,764,962</u>
TOTAL ASSETS	<u><u>\$ 12,589</u></u>	<u><u>\$ 24,764,962</u></u>	<u><u>\$ 24,777,551</u></u>
LIABILITIES			
Accounts Payable	\$ 19,125	\$	\$ 19,125
Due to Developer		<u>25,475,702</u>	<u>25,475,702</u>
TOTAL LIABILITIES	<u><u>\$ 19,125</u></u>	<u><u>\$ 25,475,702</u></u>	<u><u>\$ 25,494,827</u></u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 1,470</u>	<u>\$ (1,470)</u>	<u>\$ -0-</u>
FUND BALANCE			
Unassigned	<u>\$ (8,006)</u>	<u>\$ 8,006</u>	<u>\$ -0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 12,589</u></u>		
NET POSITION			
Net Investment in Capital Assets		\$ (655,740)	\$ (655,740)
Unrestricted		<u>(61,536)</u>	<u>(61,536)</u>
TOTAL NET POSITION		<u><u>\$ (717,276)</u></u>	<u><u>\$ (717,276)</u></u>

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

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2026

Total Fund Balance - Governmental Fund	\$	(8,006)
--	----	---------

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

Capital assets are recorded in governmental activities.		24,764,962
---	--	------------

Deferred inflows of resources related to property tax revenues for the 2025 tax levy became part of recognized revenue in the governmental activities of the District.		1,470
--	--	-------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (25,475,702)	<u>(25,475,702)</u>
------------------	-----------------	---------------------

Total Net Position - Governmental Activities	\$	<u>(717,276)</u>
--	----	------------------

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

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY**
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED FEBRUARY 28, 2026**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 6,835	\$ 1,470	\$ 8,305
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 37,713	\$	\$ 37,713
Contracted Services	7,123		7,123
Depreciation		655,740	655,740
Other	905		905
TOTAL EXPENDITURES/EXPENSES	<u>\$ 45,741</u>	<u>\$ 655,740</u>	<u>\$ 701,481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (38,906)</u>	<u>\$ (654,270)</u>	<u>\$ (693,176)</u>
OTHER FINANCING SOURCES (USES)			
Developer Advances	\$ 35,000	\$ (35,000)	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (3,906)	\$ 3,906	\$
CHANGE IN NET POSITION		(693,176)	(693,176)
FUND BALANCE (DEFICIT) / NET POSITION - MARCH 1, 2025	<u>(4,100)</u>	<u>(20,000)</u>	<u>(24,100)</u>
FUND BALANCE (DEFICIT) / NET POSITION - FEBRUARY 28, 2026	<u><u>\$ (8,006)</u></u>	<u><u>\$ (709,270)</u></u>	<u><u>\$ (717,276)</u></u>

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

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2026**

Net Change in Fund Balance - Governmental Fund	\$ (3,906)
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.	1,470
Depreciation of capital assets is recorded in governmental activities.	(655,740)
Governmental funds report developer advances as other financing sources. In the Statement of Net Position developer advances are recorded as a liability.	<u>(35,000)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (693,176)</u></u>

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

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026**

NOTE 1. CREATION OF DISTRICT

Myrtle Creek Municipal Management District No. 1 of Ellis County (the “District”) is a political subdivision of the State of Texas, organized pursuant to the provisions of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapter 375 of the Texas Local Government Code, as amended. The District was created and organized for the purposes, among others, of the construction, maintenance, and operation of facilities to provide water supply, wastewater treatment, drainage, storm water control, water quality, and road facilities within its boundaries. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The District held its organizational meeting on August 16, 2024.

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 or appointed governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

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

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Fund

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. The District has one governmental fund and considers it to be a major fund. The General Fund accounts for developer advances, property tax revenues, and administrative expenditures.

Basis of Accounting

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

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

Budgeting

A budget is adopted each year for the General Fund by the 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.

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the Statement of Net Position and are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the Statement of Activities. Capital asset additions and improvements 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. Certain assets are capitalized if they have a useful life over 2 years and an original cost greater than \$15,000. Capital assets are depreciated using the straight-line method over periods ranging from 30 to 45 years.

The City of Waxahachie, Texas is responsible for operation and maintenance of roads, water, sanitary sewer, and storm sewer infrastructure located within the District. The District's policy is to record its investment in road and utilities infrastructure as capital assets in its financial statements as well as the associated long-term liabilities to finance the costs of such facilities which are used for the benefit of residents within the District.

Pensions

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

Measurement Focus

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

Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 3. BOND AUTHORITY

The bond authority for the District was authorized at an election held on November 5, 2024. The District is authorized to issue bonds totaling \$1,657,000,000 for utility facilities and for refunding utility facilities bonds and bonds totaling \$572,000,000 for roads and for refunding road bonds. As of February 28, 2026, the District has not issued any bonds.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$11,119 and the bank balance was \$11,119. The District was not exposed to custodial credit risk.

Investments

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

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District currently has no investments.

NOTE 5. MAINTENANCE TAX

On November 5, 2024, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on taxable property within the District. During the year ended February 28, 2026, the District levied an ad valorem maintenance tax rate of \$0.60 per \$100 of assessed valuation, which resulted in a tax levy of \$8,305 on the adjusted taxable valuation of \$1,384,205 for the 2025 tax year. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

On November 5, 2024, the voters of the District approved the levy and collection of a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on taxable property within the District.

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 6. CAPITAL ASSETS

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

	March 1, 2025	Increases	Decreases	February 28, 2026
Capital Assets Subject to Depreciation				
Water System	\$	\$ 4,771,780	\$	\$ 4,771,780
Wastewater System		5,396,072		5,396,072
Drainage System		5,515,748		5,515,748
Roads		9,737,102		9,737,102
Total Capital Assets Subject to Depreciation	<u>\$ -0-</u>	<u>\$ 25,420,702</u>	<u>\$ -0-</u>	<u>\$ 25,420,702</u>
Accumulated Depreciation				
Water System	\$	\$ 117,246	\$	\$ 117,246
Wastewater System		134,452		134,452
Drainage System		140,664		140,664
Roads		263,378		263,378
Total Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ 655,740</u>	<u>\$ -0-</u>	<u>\$ 655,740</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u><u>\$ -0-</u></u>	<u><u>\$ 24,764,962</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 24,764,962</u></u>

NOTE 7. RISK MANAGEMENT

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

MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2026

NOTE 8. UNREIMBURSED DEVELOPER COSTS

The District and the developers have entered into agreements which require the developers to provide operating advances as well as fund costs associated with the construction of utilities and roads. Reimbursement to the developers for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds or the use of other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs.

Due to Developers, beginning of year	\$ 20,000
Current year additions	<u>25,455,702</u>
Due to Developers, end of year	<u>\$ 25,475,702</u>

NOTE 9. ECONOMIC DEPENDENCY AND DEFICIT FUND BALANCE

The District is dependent upon the developers for operating advances to meet its financial obligations. The developers' ability to make full and timely payments of operating advances could directly affect the District's ability to meet its financial obligations. The District has recorded a deficit fund balance of \$8,006 in the General Fund. The District anticipates the deficit will be alleviated with future advances and growth within the District.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2026

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2026**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ -0-	\$ 6,835	\$ 6,835
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 50,000	\$ 37,713	\$ 12,287
Contracted Services	15,000	7,123	7,877
Other	<u>6,400</u>	<u>905</u>	<u>5,495</u>
TOTAL EXPENDITURES	<u>\$ 71,400</u>	<u>\$ 45,741</u>	<u>\$ 25,659</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (71,400)</u>	<u>\$ (38,906)</u>	<u>\$ 32,494</u>
OTHER FINANCING SOURCES (USES)			
Developer Advances	<u>\$ 71,400</u>	<u>\$ 35,000</u>	<u>\$ (36,400)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ (3,906)	\$ (3,906)
FUND BALANCE (DEFICIT) - MARCH 1, 2025	<u>(4,100)</u>	<u>(4,100)</u>	<u></u>
FUND BALANCE (DEFICIT) - FEBRUARY 28, 2026	<u><u>\$ (4,100)</u></u>	<u><u>\$ (8,006)</u></u>	<u><u>\$ (3,906)</u></u>

See accompanying independent auditor's report.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

FEBRUARY 28, 2026

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026**

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

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

2. RETAIL SERVICE PROVIDERS: (NOT APPLICABLE)

3. TOTAL WATER CONSUMPTION: (NOT APPLICABLE)

4. STANDBY FEES: (NOT APPLICABLE)

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Ellis County, Texas

Is the District located within a city?

Entirely X Partly Not at all

City in which District is located:

City of Waxahachie, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2026**

PROFESSIONAL FEES:

Engineering	\$ 37,713
-------------	-----------

CONTRACTED SERVICES:

Bookkeeping	\$ 7,123
-------------	----------

ADMINISTRATIVE EXPENDITURES:

Office Supplies and Delivery	\$ 766
Other	139

TOTAL ADMINISTRATIVE EXPENDITURES	\$ 905
-----------------------------------	--------

TOTAL EXPENDITURES	\$ 45,741
--------------------	-----------

See accompanying independent auditor's report.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026**

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
MARCH 1, 2025	\$ -0-	
Adjustments to Beginning		
Balance	<u> </u>	\$ -0-
Original 2025 Tax Levy	\$	
Adjustment to 2025 Tax Levy	<u> 8,305</u>	<u> 8,305</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 8,305
TAX COLLECTIONS:		
Prior Year	\$ -0-	
Current Year	<u> 6,835</u>	<u> 6,835</u>
TAXES RECEIVABLE -		
FEBRUARY 28, 2026		<u>\$ 1,470</u>
TAXES RECEIVABLE BY		
YEAR:		
2025		<u><u>\$ 1,470</u></u>

See accompanying independent auditor's report.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026**

	<u>2025</u>
PROPERTY VALUATIONS:	
Land	\$ 2,501,572
Improvements	290,467
Exemptions	<u>(1,407,834)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,384,205</u>
TAX RATES PER \$100 VALUATION:	
Maintenance	<u>\$ 0.60</u>
ADJUSTED TAX LEVY*	<u>\$ 8,305</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>82.30 %</u>

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

Maintenance Tax – The District is authorized to levy a maintenance tax rate not to exceed \$1.00 per \$100 of assessed valuation approved by voters on November 5, 2024.

Road Maintenance Tax – The District is authorized to levy a road maintenance tax rate not to exceed \$0.25 per \$100 of assessed valuation approved by voters on November 5, 2024.

See accompanying independent auditor's report.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – ONE YEAR**

	<u>Amounts</u>	<u>Percentage of Total Revenues</u>
	<u>2026</u>	<u>2026</u>
REVENUES		
Property Taxes	\$ 6,835	100.0 %
EXPENDITURES		
Professional Fees	\$ 37,713	551.8 %
Contracted Services	7,123	104.2
Other	905	13.2
TOTAL EXPENDITURES	<u>\$ 45,741</u>	<u>669.2 %</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (38,906)</u>	<u>(569.2) %</u>
OTHER FINANCING SOURCES (USES)		
Developer Advances	<u>\$ 35,000</u>	
NET CHANGE IN FUND BALANCE	\$ (3,906)	
BEGINNING FUND BALANCE (DEFICIT)	<u>(4,100)</u>	
ENDING FUND BALANCE (DEFICIT)	<u>\$ (8,006)</u>	

See accompanying independent auditor's report.

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026

District Telephone Number - (972) 823-0800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended February 28, 2026	Expense		Title
			Reimbursements for the year ended February 28, 2026		
Karena Hauter	11/2024 - 05/2026 (Elected)	\$ -0-	\$ -0-		President
Jason Kaiser	11/2024 - 05/2026 (Elected)	\$ -0-	\$ -0-		Vice President
Elliot Newsom	11/2024 - 05/2028 (Elected)	\$ -0-	\$ -0-		Secretary
John Crew	11/2024 - 05/2028 (Elected)	\$ -0-	\$ -0-		Assistant Secretary
Jorge Gonzalez-Rodiles	11/2024 - 05/2028 (Elected)	\$ -0-	\$ -0-		Assistant VP/ Assistant Secretary

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

The most recent submission date of the District Registration Form was on June 12, 2026.

The limit on Fees of Office that a Director may receive during a fiscal year is 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.

**MYRTLE CREEK MUNICIPAL MANAGEMENT DISTRICT NO. 1
OF ELLIS COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2026</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	08/16/24	\$ -0-	General Counsel
Winstead PC	02/03/25	\$ -0-	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	07/06/26	\$ -0-	Auditor
Municipal Accounts & Consulting, L.P.	08/16/24	\$ 7,893	Bookkeeper
Robert W. Baird & Co. Inc.	08/16/24	\$ -0-	Financial Advisor
Jones-Heroy & Associates, Inc.	08/16/24	\$ 37,713	Engineer
Utility Tax Service, LLC	10/09/25	\$ -0-	Tax Assessor- Collector

See accompanying independent auditor's report.

APPENDIX B
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

28 Liberty Street, 59th Floor
New York, New York 10005

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN