OFFICIAL STATEMENT DATED OCTOBER 8, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

THE DISTRICT HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS" HEREIN.

NEW ISSUE-Book-Entry Only

Insured Rating (BAM): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$2,750,000
RIVER RANCH IMPROVEMENT DISTRICT

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

UNLIMITED TAX ROAD BONDS
SERIES 2026

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

The bonds described above (the "Bonds") will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. Principal of the Bonds will be payable at stated maturity or earlier redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar"). Interest accrues initially from the initial date of delivery (expected to be on or about November 12, 2026) (the "Date of Delivery"), and is payable March 1, 2027, and each September 1 and March 1 thereafter on the basis of a 360-day year of twelve 30-day months until the earlier of maturity or redemption. The Bonds are subject to redemption prior to maturity as shown below.

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

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" or the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2028	$ 55,000	7.500 %	4.10 %	76836P CE2	2041	$ 110,000 (a)	5.250 %	5.30 %	76836P CT9
2029	60,000	7.500	4.20	76836P CF9	2042	115,000 (a)	5.250	5.35	76836P CU6
2030	60,000	7.500	4.30	76836P CG7	2043	120,000 (a)	5.250	5.40	76836P CV4
2031	65,000	7.500	4.40	76836P CH5	2044	125,000 (a)	5.375	5.45	76836P CW2
2032	70,000	7.500	4.50	76836P CJ1	2045	130,000 (a)	5.375	5.50	76836P CX0
2033	70,000 (a)	7.500	4.60	76836P CK8	2046	140,000 (a)	5.500	5.55	76836P CY8
2034	75,000 (a)	7.500	4.70	76836P CL6	2047	145,000 (a)	5.500	5.60	76836P CZ5
2035	80,000 (a)	5.000	5.00	76836P CM4	2048	155,000 (a)	5.500	5.64	76836P DA9
2036	85,000 (a)	5.000	5.05	76836P CN2	2049	160,000 (a)	5.500	5.66	76836P DB7
2037	90,000 (a)	5.000	5.10	76836P CP7	2050	170,000 (a)	5.500	5.68	76836P DC5
***	***	***	***	***	2051	180,000 (a)	5.500	5.69	76836P DD3
2040	105,000 (a)	5.250	5.25	76836P CS1	2052	190,000 (a)	5.500	5.70	76836P DE1

$195,000 Term Bonds due September 1, 2039 (a), 76836P CR3 (b), 5.125% Interest Rate, 5.20% Yield (c)

(a) Bonds maturing on or after September 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time, in part on September 1, 2032, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter (as defined herein) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Initial reoffering yield represents the initial reoffering yield to the public, which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

The Bonds, when issued, will constitute valid and legally binding obligations of River Ranch Improvement District of Liberty County, Texas (the "District") and 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 located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Liberty County, the City of Dayton, the River Ranch MUDs (defined herein) or any entity other than the District. The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds through DTC is expected on or about November 12, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, 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 Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

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 purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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. However, the District has agreed to keep this OFFICIAL STATEMENT current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this OFFICIAL STATEMENT until delivery of the Bonds to the Underwriter and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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 the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0003% of the par value thereof which resulted in a net effective interest rate of 5.685183%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, and codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act") and operates pursuant to Chapter 375, Texas Local Government Code, as amended. The District has a variety of powers related to promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts created pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The District consists of approximately 6,957 acres of land within its boundaries. See "THE DISTRICT—General."

Location... The District is located in Liberty County approximately 25 miles northeast of the central business district of the City of Houston, approximately five miles south of the central business district of the City of Dayton. Access to the District from the City of Houston is provided by Interstate Highway 10 east to State Highway 146 north. The District is located wholly within the boundaries of Dayton Independent School District and a portion of the District is within the corporate limits and a portion of the District is within the extraterritorial jurisdiction of the City of Dayton. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

River Ranch… The District is part of the master-planned community of River Ranch, currently consisting of the District and fifteen separate municipal utility districts known as River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). The District encompasses all of the land within River Ranch including the River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on property within its boundaries following receipt of voter approval in an election and provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Additionally, the Master District (defined herein) is expected to issue contract revenue bonds supported by a contract tax levied by the River Ranch MUDs to finance Master Facilities (defined herein). MUD 1, MUD 2, MUD 3, MUD 4 and MUD 5 collectively comprise approximately 1,613 acres within the District referred to herein as the "Service Area." See "RIVER RANCH," "THE DISTRICT," "THE SYSTEM—The Master District Contract," and "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."

The Developers … River Ranch Holdings, LLC, a Texas limited liability company ("River Ranch Holdings") acquired the entirety of the approximately 6,957 acres of land located within the District, portions of which are now being developed as River Ranch. River Ranch Holdings is a special single purpose entity formed by Eddie V. Gray, a previous real estate developer located in Baytown, Texas for the purpose of owning and developing land in River Ranch including the District, and managed by Logan Sullivan. River Ranch Holdings has developed 197 single-family residential lots on approximately 76 acres of land in the District in River Ranch Estates, Section One and River Ranch Meadows, Section One and continues to own approximately 5,859 acres of developable land in the District. River Ranch Holdings has assigned all of its District reimbursement rights in River Ranch Boulevard Phases 1 and 2 and in the 197 residential lots to River Ranch Development, LLC, a Texas limited liability company ("River Ranch Development"). Logan Sullivan is the manager of River Ranch Development, which is a related entity and shares common ownership of River Ranch Holdings.

River Ranch Holdings is the manager of River Ranch Two Investments, LLC, a Texas limited liability company ("River Ranch Two"). River Ranch Two is a joint venture between River Ranch Holdings (now assigned to River Ranch Development) and Homegate Investments, LLC, a Texas limited liability company ("Homegate"). River Ranch Two has developed 334 single-family residential lots on approximately 107 acres in the District and owns no remaining developable land in the District. River Ranch Holdings has assigned all of its District reimbursement rights in River Ranch Two, including the 334 single-family residential lots on approximately 107 acres to River Ranch Development. River Ranch Holdings is the sole member of River Ranch Development.

River Ranch One Investments, Ltd., a Texas limited Partnership ("River Ranch One") whose general partner is RR I GP, LLC, a Texas limited liability company, acquired approximately 1,246 acres in the District from River Ranch Holdings. CIRE IV, L.P., a Texas limited partnership ("CIRE IV") whose general partner is CIRE IV GP, LLC, a Texas limited liability company acquired approximately 141 acres in the District from River Ranch Holdings. River Ranch One and CIRE IV are special single purpose entities formed for the purpose of owning and developing land in River Ranch, including the District. The members of River Ranch One Investments, Ltd. and CIRE IV, L.P. are both privately held real estate development and investment firms located in Houston, Texas. River Ranch One has developed 2,141 single-family residential lots on approximately 478 acres in the District (including approximately 68 single-family residential rental lots on approximately 18 acres in Sundera at River Ranch and 65 single-family residential rental lots on approximately 17 acres in River Ranch Trails, Section Eight) and continues to own approximately 768 acres of developable land in the District. CIRE IV has previously sold approximately 38 acres to Angel Lagoon, LLC for the development of a crystalline lagoon, and has sold approximately 62 acres to RR Project, Ltd. and approximately 8 acres to SR Dayton Property LLC for future development. CIRE IV continues to own approximately 16 acres in the District served by utilities for future commercial development.

River Ranch Holdings and River Ranch Development, are related entities that share common ownership. River Ranch Two is a joint venture between River Ranch Holdings and Homegate, which is an unrelated entity. River Ranch Holdings, River Ranch Development, River Ranch One, and River Ranch Two have all assigned their District reimbursement rights to RR Funding, LLC, a Texas limited liability company, which is a joint venture special purpose entity created to facilitate the financing of development within portions of River Ranch, including within the District. River Ranch Holdings, River Ranch Development, River Ranch One, River Ranch Two and CIRE IV are collectively referred to herein as the "Developers." Neither of the Developers nor any of their affiliates are obligated to pay any principal of or interest on the Bonds. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

Land Use and Status of Development...

Underground utilities and paving are complete for 2,539 single-family residential lots (approximately 630 acres) in the District. As of September 10, 2026, 630 homes were complete (626 homes occupied), 375 homes were under construction or continue to be in the name of a builder, and 1,534 lots were available for home construction. Home sales prices in the District range from approximately $270,000 to over $550,000.

Single-Family Rental: Approximately 18 acres have been developed as Sundera at River Ranch, a rental home community consisting of 136 duplexes on 68 lots. Additionally, approximately 17 acres in River Ranch Trails, Section Eight have been developed as 65 lots. River Ranch Holdings continues to own such lots and expects to construct 130 rental home duplexes on such lots, but such construction has not yet commenced. As of September 10, 2026, approximately 40 duplex residences have been constructed in Sundera at River Ranch, of which 30 are leased to tenants. See "RISK FACTORS—Rental Homes."

Approximately 24 acres within the District have been developed as a crystalline lagoon ("Angel Lagoon"). In addition, approximately 99 acres within the District have been served with utilities for future commercial development, but no vertical construction has commenced, approximately 12 acres within the District are planned for a future Dayton Independent School District facility, and approximately 11 acres consist of recreational reserves. The remainder of the District is comprised of approximately 1,897 acres that are not developable (amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, utility sites and parks and open space), and approximately 4,252 developable acres that have not been provided with utility service. See "THE DISTRICT—Land Use and Status of Development."

The Builders…

Homebuilders actively marketing or building homes in the District include DRB Homes, DR Horton, Kendall Homes, K. Hovnanian Homes, CastleRock Communities, Century Communities, Colina Homes Coventry Homes, Empire Communities, Brightland Homes, Smith Douglas Homes, McKinley Homes, Pulte Homes, Davidson Homes, Nuway Homes, Adams Homes, , Lennar Homes, Legend Homes, Tricoast Homes, Long Lake Ltd. and Value Builders, Inc. See "THE DISTRICT—Homebuilding."

Water and Wastewater Facilities…

Internal water, sanitary sewer and drainage facilities have been constructed by River Ranch Holdings, River Ranch One and River Ranch Two on behalf of River Ranch MUD No. 2 ("MUD 2"), River Ranch MUD No. 3 ("MUD 3"), River Ranch MUD No. 4 ("MUD 4) and River Ranch MUD No. 5 ("MUD 5") (collectively, the "Participants") within their respective boundaries and within the boundaries of the District to serve the development described herein. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by regional facilities owned and operated by River Ranch Municipal Utility District No. 1 ("MUD 1"), in its capacity as the regional provider of such services (the "Master District"). See "THE SYSTEM."

Overlapping Debt Obligations…

All the land within the District is included within the boundaries of River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election. Each of the River Ranch MUDs provides or is expected to provide water, sewer, drainage and recreational facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Pursuant to the Master District Contract (defined herein), River Ranch Municipal Utility District No. 1 serves as the Master District and is expected to issue contract revenue bonds supported by a contract tax levied by the Participants to finance Master Facilities (defined herein). MUD 1 has authorized preparation of a bond application to the Texas Commission on Environmental Quality (the "TCEQ") requesting authorization to issue approximately $14,965,000 principal amount of contract revenue bonds and expects approval and issuance in the first quarter of 2027. Currently, MUD 2, MUD 3, MUD 4 and MUD 5 are Participants. MUD 1 is not a Participant and not expected to become a Participant in the future.

Property within the District is currently subject to overlapping taxation by either MUD 1, MUD 2, MUD 3, MUD 4 or MUD 5. MUD 3 levied a 2026 tax rate of $1.00 ($0.15 per $100 of taxable assessed valuation allocated to debt service and $0.85 per $100 of taxable assessed valuation allocated to maintenance and operations). MUD 4 and MUD 5 each levied a 2026 tax rate in the amount of $1.00 per $100 of taxable assessed valuation (all maintenance) and MUD 1 and MUD 2 each levied a 2026 tax rate in the amount of $0.50 per $100 of taxable assessed valuation (all maintenance). The District's 2026 tax rate, in combination with the 2026 tax rates of MUD 3, MUD 4 and MUD 5 is $1.50 per $100 of taxable assessed valuation, and in combination with MUD 1 and MUD 2, is $1.00 per $100 of taxable assessed valuation. MUDs 6 through 15 have not levied a tax as of the date hereof. MUD 1, MUD 2, MUD 3, MUD 4 and MUD 5 are each authorized to issue unlimited tax bonds in maximum principal amounts of $9,400,000, $15,880,000, $54,915,000, $144,730,000 and $174,130,000, respectively, for water, sewer, drainage, and recreational facilities without additional voter approval. MUD 3 has previously issued $13,585,000 principal amount of unlimited tax bonds in one series, all of which remains outstanding. MUD 4 has previously issued $4,000,000 of unlimited tax bonds in one series, all of which remains outstanding. MUD 1, MUD 2, and MUD 5 have not issued any debt as of the date hereof. See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."

Payment Record...

The District has previously issued $17,000,000 principal amount of unlimited tax bonds for road facilities in two series, $16,830,000 of which remains outstanding (the "Outstanding Bonds") as of the date hereof. See 'FINANCIAL INFORMATION CONERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt obligations. The District capitalized twenty-four (24) months of interest from the Series 2024 Road Bonds in December 2024, twelve (12) months of capitalized interest from the Series 2025 Road Bonds in December 2025, and will capitalize $137,500 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE BONDS

Description... River Ranch Improvement District of Liberty County's Unlimited Tax Road Bonds, Series 2026 in the aggregate principal amount of $2,750,000 (the "Bonds") will be issued as fully registered serial bonds maturing on September 1 in each of the years 2028 through 2037, both inclusive, and 2040 through 2052, both inclusive, and as term bonds maturing on September 1, 2039 (the "Term Bonds"), in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds accrues from the Date of Delivery at the rates per annum set forth on the cover page hereof, and is payable March 1, 2027, and each September 1 and March 1 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board (the "Bond Order"). See "THE BONDS—Description."

Redemption... Bonds maturing on or after September 1, 2033 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Book-Entry-Only System… The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Use of Proceeds... Proceeds of the Bonds will be used to finance road facilities as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to capitalize $137,500 of interest on the Bonds; to pay interest on funds advanced by certain of the Developers on behalf of the District; to pay engineering fees, administrative costs and creation costs of the District; and to pay certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance... The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), a bond election held in the District, and by a special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, as amended, codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act") and Chapter 375, Texas Local Government Code, as amended. See "THE BONDS—Authority for Issuance."

Source of Payment... Principal of and interest on 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 within the District. The Bonds are obligations of the District and are not obligations of the City of Dayton, Liberty County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."

Municipal Bond Rating and Municipal Bond Insurance... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Qualified Tax-Exempt Obligations... The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel…	Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, Houston, Texas.
Financial Advisor…	Masterson Advisors LLC, Houston, Texas.
Disclosure Counsel…	McCall, Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "RISK FACTORS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$316,175,480	(a)
Estimated Taxable Assessed Valuation as of April 1, 2026	$319,918,507	(b)
Gross Direct Long-Term Debt Outstanding (the Outstanding Bonds and the Bonds)	$19,580,000	(c)
Estimated Overlapping Debt	14,451,693	(d)
Gross Direct Long-Term Debt and Estimated Overlapping Debt	$34,031,693	(d)
Ratios of Gross Direct Long-Term Debt to:		
2026 Certified Taxable Assessed Valuation	6.19%	
Estimated Taxable Assessed Valuation as of April 1, 2026	6.12%	
Ratios of Gross Direct Long-Term Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	10.76%	
Estimated Taxable Assessed Valuation as of April 1, 2026	10.64%	
Funds Available for Debt Service:		
Road Debt Service Fund Balance as of September 10, 2026	$420,132	
Capitalized Interest from proceeds of the Bonds (Twelve (12) months)	137,500	(e)
Total Funds Available for Debt Service	$557,632	
Funds Available for Operation and Maintenance as of September 10, 2026	$638,394	
Funds Available for Road Capital Projects as of September 10, 2026	$ 22,406	
2026 Debt Service Tax Rate	$0.40	
2026 Maintenance Tax Rate	0.10	
2026 Total Tax Rate	0.50	
Average Annual Debt Service Requirement (2027-2052)	$1,293,485	(f)
Maximum Annual Debt Service Requirement (2051)	$1,356,850	(f)
Tax Rates Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate		
Based upon 2026 Certified Taxable Assessed Valuation	$0.44	(g)
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026	$0.43	(g)
Tax Rates Required to Pay Maximum Annual Debt Service (2051) at a 95% Collection Rate		
Based upon 2026 Certified Taxable Assessed Valuation	$0.46	(g)
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026	$0.45	(g)
Status of Development as of September 10, 2026 (h):		
River Ranch:		
Total Single-Family Residential Lots Developed	2,539	
Completed Homes (626 Homes Occupied)	630	
Homes Under Construction or in the Name of the Homebuilder	375	
Single-Family Residential Lots Available for Home Construction	1,534	
River Ranch Single-Family Residential Rental:		
Total Single-Family Residential Rental Lots Developed (266 Duplexes)	133	
Rental Lots Completed (40 Duplexes Completed of which 30 are Leased and Occupied)	20	
Rental Homes Under Construction or in the Name of a Homebuilder (56 Duplexes)	28	
Rental Lots Available for Home Construction (170 Duplexes)	85	(i)
Estimated Population	2,296	(j)

(a) As certified by the Liberty County Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on April 1, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and April 1, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."
(c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes" and "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."
(e) The District will capitalize $137,500 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."
(f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
(g) See "RISK FACTORS—Possible Impact on District Tax Rates" and "TAX DATA—Tax Adequacy for Debt Service."
(h) See "THE DISTRICT—Land Use" and "—Status of Development."
(i) Includes approximately 17 acres in River Ranch Trails, Section Eight, developed as 65 lots. The planned construction of 130 rental home duplexes on such lots has not yet commenced. See "THE DISTRICT—Land Use and Status of Development."
(j) Based upon 3.5 persons per completed and occupied home.

OFFICIAL STATEMENT

RIVER RANCH IMPROVEMENT DISTRICT

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

$2,750,000

UNLIMITED TAX ROAD BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by River Ranch Improvement District (the "District") of its $2,750,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, a special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, and codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act"). Chapter 375, Texas Local Government Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), and an election held within the District.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, River Ranch Holdings, LLC, a Texas limited liability company ("River Ranch Holdings"), River Ranch Development, LLC, a Texas limited liability company ("River Ranch Development"), River Ranch Two Investments, LLC, a Texas limited liability company ("River Ranch Two"), River Ranch One Investments, Ltd., a Texas limited Partnership ("River Ranch One"), and CIRE IV, L.P., a Texas limited partnership ("CIRE IV") and development activity within the District. River Ranch Holdings, River Ranch Development, River Ranch Two, River Ranch One, and CIRE IV are collectively referred to herein as the "Developers." All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of such documents may be obtained from the District upon payment of the costs of duplication therefor from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

THE BONDS

Description

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, which 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 November 1, 2026. Interest will accrue from the Date of Delivery with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2027, and mature on the dates and in the amounts and pay interest at the rates shown on the cover page hereof. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described 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 the Paying Agent/Registrar to Cede & Co., which 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." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

In the event the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar 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 a Registered Owner at the risk and expense of such Registered Owner.

Use of Certain Terms in Other Sections of this Official Statement

In reading this OFFICIAL STATEMENT it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this OFFICIAL STATEMENT to registered owners should be read to include the person for which the Participant acquires an interest in the bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Registration, Transfer and Exchange

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the Bond Order. While the Bonds are in the Book-Entry-Only system, Bonds will be registered only in the name of Cede & Co and held by DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., in Houston, Texas. In the Bond Order the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Record Date

The record date for payment of the interest on any regularly scheduled Interest Payment Date is defined as the 15th day of the month (whether or not a business day) preceding such Interest Payment Date.

Source of Payment

The Outstanding Bonds, the Bonds, when issued, and any additional unlimited tax bonds issued hereafter, will constitute valid and binding obligations of the District and are payable as to principal and interest from and are secured by 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. Tax proceeds, after deduction for collection costs, will be placed in the Road Debt Service Fund (as defined in the Bond Order) and used solely to pay principal of and interest on the Bonds, and on any additional bonds issued by the District payable from taxes which may be levied. See "TAX DATA."

The Bonds are obligations solely of the District and are not obligations of Liberty County, Texas, the City of Dayton, Texas, the State of Texas, the River Ranch MUDs or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the previous establishment of the District's Road Debt Service Fund and Road Capital Projects Fund. The Road Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds, together with interest thereon, as such becomes due. Amounts on deposit in the Road Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

The District will capitalize $137,500 of interest, which will be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds will be deposited into the Road Capital Projects Fund to be used for the purpose of constructing District road facilities, paying interest to the Developers, and paying administrative costs and creation costs of the District and the costs of issuing the Bonds. See "Use and Distribution of Bond Proceeds."

The Bond Order also confirms the previous establishment of the District's General Fund. The District deposits, as collected, all revenues derived from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, maintenance and operating expenses. Any funds remaining in the General Fund after payment of administration, maintenance and operating expenses may be used by the District for any lawful purposes.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1, 2039 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$195,000 Term Bonds
Due September 1, 2039

Mandatory Redemption Date	Principal Amount
2038	$ 95,000
2039 (maturity)	100,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of any Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of Term Bonds of such maturity, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2033, prior to their scheduled maturities, in whole or, from time to time in part, in integral multiples of $5,000 on September 1, 2032, or any date thereafter, at a price of the principal amount of bonds to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a given maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by random method selection (or by DTC in accordance with its procedures while the Bonds are in Book-Entry-Only form).

If fewer than all of the Bonds are optionally redeemed at any time, the maturities and amounts of the Bonds to be redeemed shall be selected by the District. If fewer 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 DTC in accordance with its procedures or, if the Bonds are no longer in the Book-Entry-Only System, by the Paying Agent/Registrar by such method of random selection as it deems fair and appropriate.

Authority for Issuance

At an election held within the District on November 6, 2018, the voters of the District authorized the issuance of $972,000,000 principal amount of unlimited tax bonds for the purposes set forth in the Act, including the promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts created pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The Bonds are issued pursuant to such authorization. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, the Act, and the Bond Order.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT. See "LEGAL MATTERS—Legal Opinion."

Issuance of Additional Debt

Voters within the District have authorized the issuance of $972,000,000 principal amount of unlimited tax bonds for the purposes set forth in the Act, including the promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code and refunding of such bonds. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts. After issuance of the Bonds, the District will have $952,250,000 principal amount of unlimited tax bonds authorized but unissued for the purposes authorized by the Act and the refunding of such bonds. Purposes for which the District could issue bonds include the acquisition, construction, operation and maintenance of road, transportation and related appurtenances, recreational facilities, rail transportation projects, parking facilities, canals, waterways, bulkheads, docks and other facilities authorized by the Act.

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. See "RISK FACTORS—Future Debt."

Issuance of additional bonds or other subsequently authorized bonds could affect the investment quality or security of the Bonds.

Annexation

The Act provides that a municipality in whose extraterritorial jurisdiction the District is located may annex all or part of the property within the District. Such an annexation would not result in a total or partial dissolution of the District or an assumption by the annexing municipality of any of the District's obligations or indebtedness. A municipal annexation of all or part of the property within the District has no effect on the validity of the District and the District shall continue to exist and exercise the powers granted by the Act. However, if a municipality were to annex all or part of the property within the District, such municipality's ad valorem property tax would apply to property in the District. The addition of such municipality's property tax may serve as a disincentive to the continued ownership, operation or development of property in the District. Approximately 6,473 acres in the District are within extraterritorial jurisdiction of the City of Dayton and approximately 484 acres in the District are within the corporate limits of the City of Dayton. The District is currently not aware of any attempts by the City of Dayton or any other municipality to annex any property in the District; therefore, the District makes no representation that the City of Dayton will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City of Dayton to pay debt service on the District's bonds if annexation were to occur.

Dissolution

This District may be dissolved by majority vote of the Board of Directors or upon petition of landowners holding title to at least two-thirds of the assessed value of property or the surface area in the District, excluding roads, streets, highways and utility rights-of-way; provided, however, if the District is dissolved, the Act provides that the District shall remain in existence solely for the limited purpose of discharging its bonds, including the Bonds, or other obligations according to their terms.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of 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, but the District currently has no plans to do so.

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 observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right 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, 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. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted 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.

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 as follows: (i) by paying or causing to pay principal and interest due on the Bonds (whether at maturity, redemption or otherwise) in accordance with the terms of the Bonds; (ii) 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 (iii) 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, or with a commercial bank or trust company designated in the proceedings authorizing the discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the 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 or payment 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.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 in the Bond Resolution 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 that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 or 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 .com.

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

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

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

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

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

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, 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. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the Engineer. (defined herein). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by an independent auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

I.	**CONSTRUCTION COSTS**	
	• Meadows Trails Phase 1 & 2	$ 111,685
	• River Ranch Blvd Traffic Signal	324,219
	• Bridge Crossing at River Run Trail	1,734,633
	Total Construction Costs	**$ 2,170,537**
II.	**NON-CONSTRUCTION COSTS**	
	• Underwriter's Discount (a)	$ 82,492
	• Capitalized Interest	137,500
	• Developer Interest (Estimated)	146,652
	Total Non-Construction Costs	**$ 366,644**
III.	**ISSUANCE COSTS AND FEES**	
	• Issuance Costs and Professional Fees	$ 189,561
	• State Regulatory Fees	2,750
	• Bond Engineering Report	20,500
	• Contingency (a)	8
	Total Issuance Costs and Fees	**$ 212,819**
	TOTAL BOND ISSUE	**$ 2,750,000**

(a) Contingency represents the difference between the estimated and actual amount of Underwriter's Discount.

RIVER RANCH

The District is part of the master-planned community of River Ranch, currently consisting of the District and the River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). The District encompasses all of the land within River Ranch including the River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election and provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Additionally, the Master District is expected to issue contract revenue bonds supported by a contract tax levied by the Participants to finance Master Facilities (defined herein) in the Service Area. River Ranch Municipal Utility District No. 1 ("MUD 1", or the "Master District"), River Ranch Municipal Utility District No. 2 ("MUD 2"), River Ranch Municipal Utility District No. 3 ("MUD 3"), River Ranch Municipal Utility District No. 4 ("MUD 4") and River Ranch Municipal Utility District No. 5 ("MUD 5) collectively comprise approximately 1,613 acres referred to herein as the "Service Area." See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax" and "THE DISTRICT."

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, and codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act") and operates pursuant to Chapter 375, Texas Local Government Code, as amended. The District has a variety of powers related to promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts created pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution.

Description and Location

The District consists of approximately 6,957 acres and is located in Liberty County, approximately 25 miles northeast of the central business district of the City of Houston and approximately five miles south of the central business district of the City of Dayton. Access to the District from the City of Houston is provided by Interstate Highway 10 east to State Highway 146 north. The District is located wholly within the boundaries of Dayton Independent School District and a portion of the District is within the corporate limits and a portion of the District is within the extraterritorial jurisdiction of the City of Dayton. See "AERIAL PHOTOGRAPH."

All the land within the District is included within the boundaries of fifteen separate municipal utility districts known as River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). The following table represents a detailed breakdown of the current acreage within the River Ranch MUDs.

River Ranch MUDs	Approximate Acres
MUD 1	25
MUD 2	145
MUD 3	526
MUD 4	427
MUD 5	490
MUD 6	443
MUD 7	452
MUD 8	394
MUD 9	495
MUD 10	748
MUD 11	546
MUD 12	489
MUD 13	479
MUD 14	984
MUD 15	314
Total	6,957

Land Use and Status of Development

The following table represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential:	Approximate Acres	Lots
River Ranch:		
Estates Section One	41	56
Estates Section Two	43	95
Meadows, Section One	35	141
Meadows, Section Two	40	151
Meadows, Section Three	64	239
Meadows, Section Four	14	52
Meadows, Section Five	15	57
Meadows, Section Six	29	132
Meadows, Section Seven	4	14
Meadows, Section Eight	22	98
Meadows, Section Nine	15	59
Meadows, Section Eleven	36	158
Meadows, Section Twelve	22	78
Meadows, Section Thirteen	28	123
Trails, Section One	29	139
Trails, Section Two	12	56
Trails, Section Three	19	97
Trails, Section Four	15	87
Trails, Section Five	29	149
Trails, Section Six	28	137
Trails, Section Seven	22	103
Trails, Section Nine	17	88
Trails, Section Ten	22	98
Trails, Section Eleven	25	132
Trails, Section Eight (a)	17	65
Sundera at River Ranch (b)	18	68
Subtotal	661	2,672
Commercial (c)	99	--
Dayton ISD School Site	12	--
Recerational Reserves	11	--
Angel Crystalline Lagoon	24	--
Future Developable	4,252	--
Undevelopable (d)	1,898	--
Subtotal	6,296	--
Total	6,957	2,672

(a) No duplexes have been constructed on such lots. Planned for the construction of 130 rental home duplexes. See "RISK FACTORS—Rental Homes" and "THE DISTRICT—Land Use and Status of Development—Single-Family Rental."

(b) Single-family residential rental home community. See "RISK FACTORS—Rental Homes" and "THE DISTRICT—Land Use and Status of Development—Single-Family Rental."

(c) Served by utilities for future development.

(d) Represents amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, and utility sites.

Single-Family Residential: Underground utilities and paving are complete for 2,539 single-family residential lots (approximately 626 acres) in the District. As of September 10, 2026, 630 homes were complete (626 homes occupied), 375 homes were under construction or continue to be in the name of a builder, and 1,534 lots were available for home construction. Home sales prices in the District range from approximately $270,000 to over $550,000.

Single-Family Residential Rental: River Ranch One has developed Sundera at River Ranch, a single-family residential rental home community consisting of 136 duplexes on 68 lots on approximately 18 acres. Additionally, approximately 17 acres in River Ranch Trails, Section Eight have been developed as 65 lots. River Ranch Holdings continues to own such lots and expects to construct 130 rental home duplexes on such lots, but such construction has not yet commenced. As of September 10, 2026, approximately 40 duplex residences have been constructed in Sundera at River Ranch, of which 30 are leased to tenants. See "RISK FACTORS—Rental Homes." The rental homes in Sundera at River Ranch, which are all owned or expected to be owned by Value Builders, Inc., have an approximate square footage of between 1,401 and 2,574 square feet, and monthly rental rates ranging from approximately $2,315 to approximately $2,799. See "RISK FACTORS—Rental Homes."

Approximately 24 acres within the District have been developed as a crystalline lagoon ("Angel Lagoon"). In addition, approximately 99 acres in the District planned have been served with utilities for future commercial use, but no vertical construction has commenced, approximately 12 acres within the District are planned for a future Dayton Independent School District facility, and approximately 11 acres consist of recreational reserves. The remainder of the District is comprised of approximately 1,897 acres that are not developable (amenity/detention facilities, pipeline easements, street rights-of-way, floodplain, drill sites, utility sites and parks and open space), and approximately 4,252 developable acres that have not been provided with utility service.

Homebuilding

Homebuilders actively marketing or building homes in the District include DRB Homes, DR Horton, Kendall Homes, K. Hovnanian Homes, CastleRock Communities, Century Communities, Colina Homes Coventry Homes, Empire Communities, Brightland Homes, Smith Douglas Homes, McKinley Homes, Pulte Homes, Davidson Homes, Nuway Homes, Adams Homes, , Lennar Homes, Legend Homes, Tricoast Homes, Long Lake Ltd. and Value Builders, Inc.

Future Development

Approximately 4,252 developable acres of land in the District are not yet fully served with water, sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($952,250,000 principal amount) should be sufficient to finance the construction of facilities for full development of the District as set forth in the Act, including the promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code and refunding of such bonds. See "RISK FACTORS—Future Debt," "THE BONDS—Authority for Issuance," and "—Issuance of Additional Debt" and "ROADS."

MANAGEMENT OF THE DISTRICT

Directors and Officers

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are appointed to four-year staggered terms by the TCEQ. None of the Board members reside within the District; however, each of the Board members owns land within the District, subject to a Deed of Trust in favor of River Ranch Holdings. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	District Board Title	Term Expires
Carla Stanley	President	June 2029
Christopher Brant Elliott	Vice President	June 2029
Wayne Knox	Secretary	June 2027
Robert "Bobby" Tyrus Dwyer	Assistant Secretary	June 2027
Tammi Griffin	Director	June 2027

Bond Counsel/Attorney

The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and 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.

Financial Advisor

Masterson Advisors LLC, Houston, Texas serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor

The District's financial statements for the fiscal year ended May 31, 2026, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

Engineers

The District's consulting engineer is Quiddity Engineering LLC (the "Engineer" or "Master District Engineer"). LJA, Inc. also provides engineering services to the District for specific projects.

Bookkeeper

The District has contracted with Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

Tax Appraisal

The Liberty County Central Appraisal District (the "Appraisal District") has the responsibility of appraising taxable property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector

The District's tax assessor/collector is Utility Tax Services, LLC (the "Tax Assessor/Collector").

Utility System Operator

Municipal District Services, LLC (the "Operator") has been engaged by the District to operate the water supply and distribution and wastewater collection and treatment facilities serving the District.

THE DEVELOPERS

General

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

Prospective Bond purchasers should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, or that 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. See "RISK FACTORS—Economic Factors and Interest Rates."

The Developers

River Ranch Holdings, LLC and River Ranch Two Investments, LLC: River Ranch Holdings, LLC, a Texas limited liability company ("River Ranch Holdings") acquired the entirety of the approximately 6,957 acres of land located within the District, portions of which are now being developed as River Ranch. River Ranch Holdings is a special single purpose entity formed by Eddie V. Gray, in his capacity as manager, for the sole purpose of owning and developing land in River Ranch including within the District. Eddie V. Gray a previous real estate developer located in Baytown, Texas for the purpose of owning and developing land in River Ranch including the District, and managed by Logan Sullivan. River Ranch Holdings has developed 197 single-family residential lots on approximately 76 acres of land in the District in River Ranch Estates, Section One and River Ranch Meadows, Section One and continues to own approximately 5,859 acres of developable land in the District. River Ranch Holdings has assigned all of its District reimbursement rights in River Ranch Boulevard Phases 1 and 2 and in the 197 residential lots to River Ranch Development, LLC, a Texas limited liability company ("River Ranch Development"). Logan Sullivan is the manager of River Ranch Development, which is a related entity and shares common ownership of River Ranch Holdings.

River Ranch Two Investments, LLC: River Ranch Holdings is the manager of River Ranch Two Investments, LLC, a Texas limited liability company ("River Ranch Two"). River Ranch Two is a joint venture between River Ranch Holdings (now assigned to River Ranch Development) and Homegate Investments, LLC, a Texas limited liability company ("Homegate"). River Ranch Two has developed 334 single-family residential lots on approximately 107 acres in the District and owns no remaining developable land in the District. River Ranch Holdings has assigned all of its District reimbursement rights in River Ranch Two, including the 334 single-family residential lots on approximately 107 acres to River Ranch Development. River Ranch Holdings is the sole member of River Ranch Development.

River Ranch One Investments, Ltd. and CIRE IV, L.P.: River Ranch One Investments, Ltd., a Texas limited Partnership ("River Ranch One") whose general partner is RR I GP, LLC, a Texas limited liability company, acquired approximately 1,246 acres in the District from River Ranch Holdings. CIRE IV, L.P., a Texas limited partnership ("CIRE IV") whose general partner is CIRE IV GP, LLC, a Texas limited liability company acquired approximately 141 acres in the District from River Ranch Holdings. River Ranch One and CIRE IV are special single purpose entities formed for the purpose of owning and developing land in River Ranch, including the District. The members of River Ranch One Investments, Ltd. and CIRE IV, L.P. are both privately held real estate development and investment firms located in Houston, Texas. River Ranch One has developed 2,141 single-family residential lots on approximately 478 acres in the District (including 68 single-family residential rental lots on approximately 18 acres in Sundera at River Ranch and 65 single-family residential rental lots on approximately 17 acres in River Ranch Trails, Section Eight) and continues to own approximately 768 acres of developable land in the District. CIRE IV has previously sold approximately 38 acres to Angel Lagoon, LLC for the development of a crystalline lagoon, and has sold approximately 62 acres to RR Project, Ltd. and approximately 8 acres to SR Dayton Property LLC for future development. CIRE IV continues to own approximately 16 acres in the District served by utilities for future commercial development.

River Ranch Holdings and River Ranch Development, are related entities that share common ownership. River Ranch Two is a joint venture between River Ranch Holdings and Homegate, which is an unrelated entity. River Ranch Holdings, River Ranch Development, River Ranch One, and River Ranch Two have all assigned their District reimbursement rights to RR Funding, LLC, a Texas limited liability company, which is a joint venture special purpose entity created to facilitate the financing of development within portions of River Ranch, including within the District. River Ranch Holdings, River Ranch Development, River Ranch One, River Ranch Two and CIRE IV are collectively referred to herein as the "Developers." Neither of the Developers nor any of their affiliates are obligated to pay any principal of or interest on the Bonds.

THE SYSTEM

The Master District Contract

The District overlaps each of the River Ranch MUDs, including MUD 1, MUD 2, MUD 3, MUD 4 and MUD 5 (MUD 2, MUD 3, MUD 4 and MUD 5 collectively or individually referred to as "Participant(s)"), which have executed the Master District Contract with the Master District as Participants, and have each obtained the approval of the Master District Contract from its voters at an election held within their respective boundaries.

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Contract Revenue Bonds issued by the Master District for the Master District Facilities based upon each Participant's Certified Appraised Value, as defined in the Master District Contract, as a percentage of the Certified Appraised Value of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the Contract Revenue Bonds annual debt service payments from the proceeds of an annual ad valorem Contract Tax, without legal limit as to rate or amount, revenues derived from the operation of its water distribution and wastewater collection system or from any other legally

available funds. The contract payments shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Contract Revenue Bond documents entered into by the Master District. Each Participant's contract payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

Pursuant to the Master District Contract, the Master District is authorized to issue Contract Revenue Bonds in the principal amount of $571,880,00 for water, sewer, and drainage facilities, all of which remain unissued, and $57,000,000 for recreational facilities, all of which remain unissued. MUD 1 has authorized preparation of a bond application to the Texas Commission on Environmental Quality (the "TCEQ") requesting authorization to issue approximately $14,965,000 principal amount of contract revenue bonds and expects approval and issuance in the first quarter of 2027. See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax."

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District owns and operates the Master District Facilities. Each Participant will own and operate its internal facilities. The internal facilities have been or are expected to be financed with unlimited tax bonds sold by each of the Participants. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Master District Service Area, which is currently comprised of approximately 1,613 acres in MUD 1, MUD 2, MUD 3, MUD 4, MUD 5, and the District. In the event that the Master District fails to meet its obligations under the Master District Contract to provide regional water, sanitary sewer and drainage facilities, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand such facilities to provide it with service, and convey such facilities to the Master District in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such facilities. Each Participant is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and, if approved by all Participants, to pay for capital costs of Master District Facilities. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single-family equivalent connection currently being charged by the Master District to each Participant is $115.30.

Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance expenses, and obligations pursuant to the Master District Contract, including its pro rata share of the Master District's debt service requirements and monthly charges. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participant without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's facilities by such Participant in addition to the Master District's other remedies pursuant to the Master District Contract. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contract.

Master District Facilities

Water Facilities: The Master District is responsible for planning and providing major water facilities to the Participants within its Service Area. The potable water supply facilities constructed by or on behalf of the Master District and being operated by the Master District ("Water Supply Facilities") currently consist of two water plants. Water Plant No. 1 includes one 650 gallons per minute ("gpm") water well, 228,000 gallons of ground storage capacity, 2,000 gpm of booster pump capacity, pressure tank capacity of 30,000 gallons, and all related appurtenances. Water Plant No. 2 includes one 1,500 gpm water well, 500,000 gallons of ground storage capacity, 2,700 gpm of booster pump capacity, pressure tank capacity of 15,000 gallons, and all related appurtenances. The major components of the Master District's Water Supply Facilities have the capacity to serve approximately 2,500 equivalent single-family connections ("ESFCs"). According to the Master District's Engineer, the Master District has a current reserved capacity of 2,333 ESFCs for the Participants (702 for MUD 2, 1,057 for MUD 3, 574 for MUD 4) and 1,212 ESFCs are being served by the Water Supply Facilities.

Wastewater Treatment: The Master District is responsible for planning and providing major wastewater collection and treatment facilities to the participants within its Service Area. The wastewater treatment facilities constructed by or on behalf of the Master District and being operated by the Master District (the "Wastewater Treatment Facilities") currently consist of one plant ("Wastewater Plant No. 1") with a total capacity of 600,000 gallons per day ("gpd"). Current wastewater treatment capacity at Wastewater Plant No. 1 will serve 2,400 ESFCs. According to the Master District's Engineer, the Master District has reserved capacity for 2,400 ESFCs for the Participants (56 for MUD 2, 1,361 for MUD 3, 983 for MUD 4) and 1,076 ESFCs are being served by Wastewater Treatment Plant No. 1.

Master Drainage: The Master District also provides the Service Area with drainage facilities, which include drainage facilities, detention pond facilities, and conveyance storm sewer lines ("Stormwater Drainage Facilities"). The Master District is responsible for operation and maintenance of the Stormwater Drainage Facilities. The Service Area drains to East Prong Old River. The City of Dayton and United States Army Corps of Engineers have certain jurisdiction over East Prong Old River and Liberty County Old River Drainage District No. 1 is responsible for maintenance of the East Prong Old River. Conveyance of sheet flow runoff to the storm sewer is supplemented by a system of curb, gutter, and street inlets.

Internal Water Distribution, Wastewater Collection, and Storm Drainage Facilities: Internal water distribution, wastewater collection and storm drainage facilities have been constructed, are being constructed, or will be constructed by the Participants to serve the Development within their boundaries. The Participants' systems tie into the Master District's systems.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 1,200 acres of land in the District is currently located in the 100-year flood plain. The Engineer is preparing a Letter of Map Revision to request removal of the majority of such acreage from the 100-year flood plain. See "RISK FACTORS—Extreme Weather Events" and "—Specific Flood Type Risks."

THE ROADS

The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares and collector streets within River Ranch and the surrounding area. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The Roads have been completed and are accepted by Liberty County for operation and maintenance in accordance with the procedures of Liberty County. The District will not operate or maintain the Roads. The Roads continue to be owned, operated and maintained by the District.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$316,175,480	(a)
Estimated Taxable Assessed Valuation as of April 1, 2026	$319,918,507	(b)
Gross Direct Long-Term Debt Outstanding (the Outstanding Bonds and the Bonds)	$19,580,000	(c)
Estimated Overlapping Debt	14,451,693	(d)
Gross Direct Long-Term Debt and Estimated Overlapping Debt	$34,031,693	(d)
Ratios of Gross Direct Long-Term Debt to:		
2026 Certified Taxable Assessed Valuation	6.19%	
Estimated Taxable Assessed Valuation as of April 1, 2026	6.12%	
Ratios of Gross Direct Long-Term Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	10.76%	
Estimated Taxable Assessed Valuation as of April 1, 2026	10.64%	
Funds Available for Debt Service:		
Road Debt Service Fund Balance as of September 10, 2026	$420,132	
Capitalized Interest from proceeds of the Bonds (Twelve (12) months)	137,500	(e)
Total Funds Available for Debt Service	$557,632	
Funds Available for Operation and Maintenance as of September 10, 2026	$638,394	
Funds Available for Road Capital Projects as of September 10, 2026	$ 22,406	

(a) As certified by the Liberty County Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on April 1, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and April 1, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds. See "—Outstanding Bonds" herein.

(d) See "RISK FACTORS—Overlapping Debt and Taxes and Contract Tax" and "—Estimated Overlapping Debt" and "—Overlapping Taxes" herein.

(e) The District will capitalize $137,500 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Outstanding Bonds

The District has previously issued $17,000,000 principal amount of unlimited tax road bonds in two series, $16,380,000 of which remains outstanding as of the date hereof (the "Outstanding Bonds").

Series	Original Principal Amount	Outstanding Bonds
2024	$ 8,500,000	$ 8,330,000
2025	8,500,000	8,500,000
Total	$ 17,000,000	$ 16,830,000

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that the District capitalized twenty-four (24) months of interest from the Series 2024 Road Bonds in December 2024, twelve (12) months of interest from the Series 2025 Road Bonds in December 2025, and $137,500 of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Debt Service Requirements
		Principal	Interest	Total	
2027	$ 1,121,787.50	$ -	$ 125,955.83	$ 125,955.83	$ 1,247,743.33
2028	1,119,362.50	55,000	156,900.00	211,900.00	1,331,262.50
2029	1,115,637.50	60,000	152,775.00	212,775.00	1,328,412.50
2030	1,105,612.50	60,000	148,275.00	208,275.00	1,313,887.50
2031	1,099,612.50	65,000	143,775.00	208,775.00	1,308,387.50
2032	1,092,312.50	70,000	138,900.00	208,900.00	1,301,212.50
2033	1,088,712.50	70,000	133,650.00	203,650.00	1,292,362.50
2034	1,082,087.50	75,000	128,400.00	203,400.00	1,285,487.50
2035	1,076,812.50	80,000	122,775.00	202,775.00	1,279,587.50
2036	1,086,612.50	85,000	118,775.00	203,775.00	1,290,387.50
2037	1,090,212.50	90,000	114,525.00	204,525.00	1,294,737.50
2038	1,092,812.50	95,000	110,025.00	205,025.00	1,297,837.50
2039	1,099,412.50	100,000	105,156.25	205,156.25	1,304,568.75
2040	1,104,418.75	105,000	100,031.25	205,031.25	1,309,450.00
2041	1,107,812.50	110,000	94,518.75	204,518.75	1,312,331.25
2042	1,109,968.75	115,000	88,743.75	203,743.75	1,313,712.50
2043	1,120,456.25	120,000	82,706.25	202,706.25	1,323,162.50
2044	1,118,337.50	125,000	76,406.25	201,406.25	1,319,743.75
2045	1,124,925.00	130,000	69,687.50	199,687.50	1,324,612.50
2046	1,129,787.50	140,000	62,700.00	202,700.00	1,332,487.50
2047	1,132,925.00	145,000	55,000.00	200,000.00	1,332,925.00
2048	1,144,337.50	155,000	47,025.00	202,025.00	1,346,362.50
2049	1,143,593.75	160,000	38,500.00	198,500.00	1,342,093.75
2050	1,151,125.00	170,000	29,700.00	199,700.00	1,350,825.00
2051	1,156,500.00	180,000	20,350.00	200,350.00	1,356,850.00
2052	589,718.75	190,000	10,450.00	200,450.00	790,168.75
Total	$ 28,404,893.75	$ 2,750,000	$ 2,475,705.83	$ 5,225,705.83	$ 33,630,599.58

Average Annual Debt Service Requirements (2027-2052) $1,293,485
Maximum Annual Debt Service Requirement (2051) $1,356,850

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Liberty County	$ 131,035,000	8/31/2026	2.23%	$ 2,922,081
City of Dayton	40,115,000	8/31/2026	19.92%	7,990,908
Dayton Independent School District	41,340,000	8/31/2026	8.56%	3,538,704
Total Estimated Overlapping Debt				$ 14,451,693
The District	19,580,000 (a)	Current	100.00%	19,580,000
Total Direct and Estimated Overlapping Debt				$ 34,031,693

Direct and Estimated Overlapping Debt as a Percentage of:

2026 Certified Taxable Assessed Valuation of $316,175,480	10.76%
Estimated Taxable Assessed Valuation as of April 1, 2026 of $319,918,507	10.64%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such 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 tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "Estimated Overlapping Debt" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2025 or 2026 tax year by all taxing jurisdictions and the 2026 tax rate for the District and the River Ranch MUDs. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Liberty County (a)	$ 0.540000
Liberty County Old River Drainage District No. 1 (b)	0.061178
Liberty County Emergency Services District No. 3 (b)	0.030000
Liberty County Hospital District No. 1 (a)	0.089328
Dayton Independent School District (a)	0.933600
City of Dayton (a)	0.652895
River Ranch Municipal Utility District No. 3 (c)	1.000000
Total Overlapping Tax Rate	$ 3.307001
The District (a) (d)	$ 0.500000
Total Tax Rate	$ 3.807001

(a) 2026 tax rate.
(b) 2025 tax rate.
(c) Portions of the District overlap MUD 1, which levied a 2026 tax rate of $0.50 per $100 of taxable assessed valuation (all maintenance), creating a total tax rate for taxpayers in this area of $3.265099 per $100 of taxable assessed valuation, and MUD 2 which levied a 2026 tax rate at $0.50 per $100 of taxable assessed valuation (all maintenance), creating a total tax rate for taxpayers in this area of $3.265099 per $100 of taxable assessed valuation, and MUD 4 which levied a 2026 tax rate at $1.00 per $100 of taxable assessed valuation (all maintenance), creating a total tax rate for taxpayers in this area of $3.765099 per $100 of taxable assessed valuation.
(d) See "TAX DATA—Historical Tax Rate Distribution."

District Operations

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statement for the fiscal years ending May 31, 2023 through May 31, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. This summary should be used in conjunction with the full audit attached hereto as "APPENDIX A" and should not be detached. A full review of the documents described herein is recommended.

	Fiscal Year Ended May 31,			
	2026	2025	2024	2023
Revenues				
Property Taxes	$ 709,088	$ 345,961	$ 96,951	$ 36,012
Investment and Miscellaneous Revenues	$ 145	2,450	268	-
Total Revenues	$ 709,233	$ 348,411	$ 97,219	$ 36,012
Expenditures				
Professional Fees	$ 184,857	$ 163,600	$ 137,926	$ 71,337
Contracted Services	15,738	18,943	11,975	9,482
Other	26,000	15,991	10,565	5,870
Total Expenditures	$ 226,595	$ 198,534	$ 160,466	$ 86,689
Revenues Over (Under) Expenditures	$ 482,638	$ 149,877	$ (63,247)	$ (50,677)
Other Financing Sources	$ -			
Transfers In (out)	$ -	$ 14,022	$ -	$ -
Developer Advances	$ -	$ 32,955	$ 73,021	$ 46,000
Fund Balance (Beginning of Year)	$ 210,906	$ 14,052	$ 4,278	$ 8,955
Fund Balance (End of Year)	$ 693,544	$ 210,906	$ 14,052	$ 4,278

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Outstanding Bonds and the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Outstanding Bonds and the Bonds. See "RISK FACTORS—Tax Collections and Foreclosure Remedies," "Historical Tax Rate Distribution" and "Tax Roll Information" in this section, and "TAXING PROCEDURES."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. On November 6, 2018, voters within the District authorized the levy of a maintenance tax, without limitation. A maintenance tax, if levied, is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.40	$ 0.15	$ -	$ -	$ -
Maintenance and Operations	0.10	0.35	0.50	0.50	0.50
Total	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.50

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Information for each tax year is current as of that year. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records and statements for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2026 (a) Amount	Percent
2021	$ 1,035,101	$ 0.50	$ 5,176	$ 5,176	100.00%
2022	6,062,994	0.50	30,315	30,315	100.00%
2023	18,623,073	0.50	93,115	93,115	100.00%
2024	73,726,639	0.50	368,633	364,915	98.99%
2025	207,793,493	0.50	1,038,967	1,009,427	97.16%

(a) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Levy of Taxes"). The following represents the composition of property comprising the 2022 through 2026 Certified Taxable Assessed Valuations. A breakdown of the Estimated Taxable Assessed Valuation as of April 1, 2026, of $319,918,507 is not available as of the date hereof.

Tax Year	Type of Property: Land	Improvements	Personal Property	Gross Assessed Valuations	Deferments and Exemptions	Net Assessed Valuations
2022	$ 6,066,094	$ 188,340	$ -	$ 6,254,434	$ (191,440)	$ 6,062,994
2023	12,182,693	7,299,930	11,250	19,493,873	(870,800)	18,623,073
2024	27,107,563	44,185,060	7,513,410	78,806,033	(4,755,944)	74,050,089
2025	75,213,110	137,917,970	9,920,910	223,051,990	(14,906,395)	208,145,595
2026	120,940,050	233,091,780	11,540,020	365,571,850	(49,396,370)	316,175,480

Additional Penalties

The District has contracted with Davis, Fielder & Sylvia, PLLC for collection of delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax, penalty and interest to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the 2026 Certified Taxable Assessed Valuation of $316,175,480. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of April 1, 2026 of $319,918,507 which is subject to review and downward adjustment prior to certification, is not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
River Ranch One Investments, Ltd. (a)	$ 20,945,960	6.62%
Angel Lagoon Ventures LLC	15,295,140	4.84%
Value Builders Inc. (b)	12,224,300	3.87%
D.R. Horton-Texas Ltd. (b)	8,151,360	2.58%
Wink to Webster Pipeline Inc.	6,923,450	2.19%
Nuway Homes Texas LP (b)	5,819,170	1.84%
CastleRock Communities LLC (b)	5,489,620	1.74%
Century Land Holdings of Texas LLC (b)	4,254,110	1.35%
Brightland Homes Ltd. (b)	4,235,260	1.34%
Pulte Homes of Texas LP (b)	4,083,250	1.29%
Total	$ 87,421,620	27.65%

(a) See "THE DEVELOPERS."
(b) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Certified Taxable Assessed Valuation of $316,175,480 and the Estimated Taxable Assessed Valuation as of April 1, 2026 of $319,918,507. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "RISK FACTORS—Possible Impact on District Tax Rates"

Average Annual Debt Service Requirement (2027-2052)	$1,293,485
$0.44 Tax Rate on the 2026 Certified Taxable Assessed Valuation	$1,321,614
$0.43 Tax Rate on the Estimated Taxable Assessed Valuation as of April 1, 2026	$1,306,867
Maximum Annual Debt Service Requirement (2051)	$1,356,850
$0.46 Tax Rate on the 2026 Certified Taxable Assessed Valuation	$1,381,687
$0.45 Tax Rate on the Estimated Taxable Assessed Valuation as of April 1, 2026	$1,367,652

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five years or older and of certain disabled persons to the extent deemed advisable by the Board. For tax year 2026, the District has not adopted a residential homestead exemption for persons age 65 and older and disabled persons. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has not granted a general homestead exemption.

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

Tax Abatement

Liberty County or the City of Dayton may designate all or part of the area within the District as a reinvestment zone. Thereafter, Liberty County, the District, and the City of Dayton (after annexation of the District), under certain circumstances, 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.

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 under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. 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 some political subdivisions while claiming it as to 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 (3) 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 (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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.

District and Taxpayer Remedies

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. Neither Liberty County nor the District adopted an order regarding the reappraisal of property in the District.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. 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 in writing 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 equal 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.

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer 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.

Rollback of Operations and Maintenance Tax

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 than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, among other collection methods available, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on homesteads as described above under "-Levy and Collection of Taxes". 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 cost of suit and sale, 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 (a taxpayer may redeem property within two (2) years for residential and agricultural property and within six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collection Limitations."

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City of Dayton, Liberty County, the State of Texas, the River Ranch MUDS (defined herein) or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy Limitations" below.

Dependence on Principal Taxpayers

The top ten principal taxpayers within the District represent $87,421,620 or 27.65% of the 2026 Certified Taxable Assessed Valuation of $316,175,480, which represents ownership as of January 1, 2026. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the debt service fund (see "THE BONDS—Source of Payment"), the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect on the District's ability to pay debt service on the Bonds. See "Tax Collections Limitations and Foreclosure Remedies" in this section, "THE DEVELOPERS" and "TAXING PROCEDURES—Levy and Collection of Taxes."

Undeveloped Acreage and Vacant Lots

There are approximately 4,252 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary to the construction of new development, and 1,534 single-family residential lots and 113 single-family residential rental lots that remained vacant as of September 10, 2026. Failure of the Developers to develop the developable land or of builders to construct homes on the developed lots could restrict the rate of growth of taxable values in the District. Future increases in value will result primarily from the construction of lots and homes by builders. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. See "THE DISTRICT—Land Use" and "—Status of Development."

Developers/Property Owners Obligation to the District

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

Increase in Costs of Building Materials

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developers to the Builders for the construction of primary residences and commercial improvements. The market value of such homes, lots and undeveloped land is related to general economic conditions in the greater Houston metropolitan region and the national economy and those conditions can affect the demand for residences. Demand for lots, and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Homebuilding."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles northeast of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 25 miles northeast from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northeastern portion of the Greater Houston area market and in River Ranch. 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 the Builders 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. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Tropical Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

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

Specific Flood Type Risks

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

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

Rental Homes

River Ranch One developed Sundera at River Ranch as a single-family residential rental home community consisting of 136 duplex residences constructed on 68 single-family residential lots. River Ranch One sold all 68 lots to Value Builders, Inc., a Texas based investment property construction firm specializing in the construction, leasing and management of single-family residential rental home communities. As a result, it is expected that title to the completed lots and homes will remain in Value Builders, Inc. or another entity rather than being sold to individual builders or homeowners. This is expected to result in a longer-tern concentration of assessed valuation in a single property owner. Value Builders, Inc., as the owner of the rental homes in Sundera at River Ranch is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front and back yards. The ability of Value Builders, Inc. or the ultimate owner of the rental homes to lease the rental properties may affect their ability to maintain the properties and the taxable assessed valuation of the properties. Additionally, the failure of Value Builders, Inc. or the ultimate owner of the rental homes to make full and timely payments of taxes levied against the rental home property by the District and similar taxing authorities could have a material adverse effect on the District's ability to pay debt service on the Bonds.

Additionally, approximately 17 acres in River Ranch Trails, Section Eight is planned to be developed as a rental home community which will consist of 130 duplex residences on 65 single-family residential lots.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Certified Taxable Assessed Valuation is $316,175,480. After issuance of the Bonds, the maximum annual debt service requirement will be $1,356,850 (2051), and the average annual debt service requirement will be $1,293,485 (2027-2052). Assuming no increase or decrease from the 2026 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.46 and $0.44 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of April 1, 2026 of $319,918,507, which decreases the above calculations to $0.45 and $0.43 per $100 of taxable assessed valuation, respectively See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 1, 2026, will be the amount finally certified by the Appraisal District and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes and Contract Tax

All the land within the District is included within the boundaries of fifteen separate municipal utility districts known as River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). The following table represents a detailed breakdown of the current acreage within the River Ranch MUDs.

River Ranch MUDs	Approximate Acres
MUD 1….	25
MUD 2….	145
MUD 3….	526
MUD 4….	427
MUD 5….	490
MUD 6….	443
MUD 7….	452
MUD 8….	394
MUD 9….	495
MUD 10….	748
MUD 11….	546
MUD 12....	489
MUD 13….	479
MUD 14….	984
MUD 15….	314
Total	6,957

Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on taxable property within its boundaries following receipt of voter approval in an election. Each of the River Ranch MUDs provides or is expected to provide water, sewer, and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. Pursuant to the Master District Contract (defined herein), River Ranch Municipal Utility District No. 1 serves as the Master District and is expected to issue contract revenue bonds supported by a contract tax levied by the Participants (defined herein) to finance Master Facilities (defined herein). MUD 1 has authorized preparation of a bond application to the Texas Commission on Environmental Quality (the "TCEQ") requesting authorization to issue approximately $14,965,000 principal amount of contract revenue bonds and expects approval and issuance in the first quarter of 2027.

Property within the District overlaps MUD 1, MUD 2 , MUD 3, MUD 4, and MUD 5 and is currently subject to overlapping taxation by either MUD 1, MUD 2, MUD 3, MUD 4 or MUD 5. MUD 3 levied a 2026 tax rate of $1.00 ($0.15 per $100 of taxable assessed valuation allocated to debt service and $0.85 per $100 of taxable assessed valuation allocated to maintenance and operations). MUD 4 and MUD 5 levied a 2026 tax rate of $1.00 per $100 of taxable assessed valuation (all maintenance) and MUD 1 and MUD 2 levied a 2026 tax rate of $0.50 per $100 of taxable assessed valuation (all maintenance). The District's 2026 tax rate, in combination with the 2026 tax rates of MUD 3, MUD 4 and MUD 5 is $1.50 per $100 of taxable assessed valuation, and in combination with MUD 1 and MUD 2, is $1.00 per $100 of taxable assessed valuation. MUDs 6 through 15 have not levied a tax as of the date hereof. MUD 1, MUD 2, MUD 3, MUD 4 and MUD 5 are authorized to issue unlimited tax bonds in maximum principal amounts of $9,400,000, $15,880,000, $54,915,000, $144,730,000 and $174,130,000, respectively, for water, sewer, drainage, and recreational facilities without additional voter approval. MUD 3 has previously issued $13,585,000 principal amount of unlimited tax bonds in one series, all of which remains outstanding. MUD 4 has previously issued $4,000,000 of unlimited tax bonds in one series, all of which remains outstanding. MUD 1, MUD 2, and MUD 5 have not issued any debt as of the date hereof.

The District cannot represent whether any of the development planned or occurring in the River Ranch MUDs will be successful or whether the appraised valuation of the land located within the River Ranch MUDs will justify continued payment of the taxes by property owners. Increases in the tax rates of the River Ranch MUDs could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by the River Ranch MUDs and the District.

The Master District provides or will provide certain regional water, sanitary sewer, drainage, parks, and other facilities (collectively, the "Master District Facilities") necessary to serve the River Ranch development, including the District. By execution of the Contract for Financing, Operation, and Maintenance of Regional Facilities, as amended (the "Master District Contract"), all of the municipal utility districts in River Ranch that have entered into the Master District Contract (the "Participants," currently, MUD 2, MUD 3, MUD 4 and MUD 5), are obligated to pay a pro rata share of debt service on the contract revenue bonds issued by the Master District to finance the Master District Facilities (the "Contract Revenue Bonds") based upon the certified gross assessed valuation of each district. The Master District is authorized to issue Contract Revenue Bonds in the principal amount of $571,880,000 for water, sewer, and drainage facilities and the refunding of such bonds, all of which remain unissued, and $57,000,000 for recreational facilities and refunding of such bonds, all of which remain unissued. The Participants will be obligated to pay their pro rata share of debt service on the Contract Revenue Bonds from the proceeds of ad valorem taxes levied by the Participants for such purpose (the "Contract Tax") or from any other lawful source of income from the River Ranch MUDs. See "THE SYSTEM—The Master District Contract—Master District Facilities" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

The tax rate that may be required to service debt on any bonds issued by the District in combination with the River Ranch MUDs is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Liberty County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. Combined tax rates of $1.50 per $100 of taxable assessed valuation for the District and River Ranch MUDs are higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rates is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy Proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. Voters within the District have authorized the issuance of $972,000,000 principal amount of unlimited tax bonds for the purposes set forth in the special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, and codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act"), including the promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code and refunding of such bonds. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts. After issuance of the Bonds, the District will have $952,250,000 principal amount of unlimited tax bonds authorized but unissued. Any additional bonds issued will be on a parity with the Bonds; therefore, the issuance of additional obligations may increase the District's tax rate and adversely affect the security of, and the investment quality and value of the Bonds. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds that it may issue. See "THE BONDS—Issuance of Additional Debt."

The District intends to issue additional bonds to continue developing land within the District and to construct roads within the District's boundaries. After reimbursement with proceeds of the Bonds, the District will continue to owe approximately $23,000,000 to the Developers in the District for road facilities. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. In addition, additional bonds may be issued for purposes which do not result in any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Registered Owners' Remedies and Bankruptcy

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 have the statutory right 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, 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.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the 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.

A district may not be forced into bankruptcy involuntarily.

Environmental and Air Quality 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 released into the air, water, or 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 Service Area. 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 Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB 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.

The HGB Area is currently designated as a "severe" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area 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 HGB 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 HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB 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 HGB 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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Continuing Compliance with Certain Covenants

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

Marketability

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

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.

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 is limited.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Build America Mutual Assurance Company ("BAM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

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

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

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial of the 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 Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include 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 Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District ("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 the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws as described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this OFFICIAL STATEMENT under the captions "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT—General," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. 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. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds may be excludable in certain corporations "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof, or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the "Premium Bonds") is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, taxpayers qualifying for the health- insurance premium assistance credit, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. 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, holders 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 a 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 holder 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 to 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.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its 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 APPENDIX B 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: 28 Liberty Street, 59th Floor, New York, New York 10005, 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. 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 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 www.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 the heading "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 presale 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 Initial Purchaser of the Bonds, and the issuer and Initial Purchaser 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.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT have been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as described herein under "Certification of Official Statement" in this section. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the statutes, orders, engineering and other related reports set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC, Houston, Texas is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT.

The Financial Advisor has not, however, independently verified the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation into the affairs of persons or firms referred to in this OFFICIAL STATEMENT for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has consented to the use of information provided by such firm.

Appraisal District: The information contained in this OFFICIAL STATEMENT relating to the District's assessed value has been provided by the Liberty County Central Appraisal District and has been included herein in reliance upon the authority of such entity as an expert in appraising the values of property in Liberty County including the District.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Services, LLC, and is included herein in reliance upon the authority of such firm as an expert in assessing and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's water and sewer system and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by LJA Engineering, Inc., the District's Engineer, Quiddity Engineering LLC and has been included herein in reliance upon the authority of said firms as experts in the field of civil engineering.

Auditor: The District's audited financial statements for the fiscal year ended May 31, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statement.

Updating the Official Statement

If, subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event that causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; 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 Underwriter, unless the Underwriter notifies the District on or before such date that fewer 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.

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," "TAX DATA," and "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.

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

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

Specified Event Notices

The District will provide timely notices of certain events to the MSRB via EMMA, 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; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 an 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 an obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or an obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB in an electronic format and accompanied by identifying information as prescribed by the MSRB Board. The MSRB makes the information available to the public without charge through its EMMA internet portal 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 Registered Owners or 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 from time to time 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 type of operations of the District, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners and Beneficial Owners of the Bonds. 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 so provided.

Compliance With Prior Undertakings

Since its first issuance of bonds in 2024, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of River Ranch Improvement District of Liberty County as of the date shown on the cover page.

/s/ Carla Stanley
President, Board of Directors

ATTEST:

/s/ Wayne Knox
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of August 2026)

TX 99
River Ranch
Improvement
District
Hwy 146
N

PHOTOGRAPHS OF THE DISTRICT
(As of August 2026)

RIVER RANCH
R R

AVAILABLE
DRB HOMES

AVAILABLE

SOLD

SPEED
LIMIT
20

APPENDIX A

Financial Statement of the District for the fiscal year ended May 31, 2026

RIVER RANCH IMPROVEMENT DISTRICT

LIBERTY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Ranch Improvement District
Liberty County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of River Ranch Improvement District (the "District") as of and for the year ended May 31, 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 each major fund of the District as of May 31, 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.

Change in Accounting Principle

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended May 31, 2025, have been restated for certain accounting changes. Our opinions are not modified with respect to these matters.

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
River Ranch Improvement District

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

September 10, 2026

RIVER RANCH IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2026

Management's discussion and analysis of the financial performance of River Ranch Improvement District (the "District") provides an overview of the District's financial activities for the fiscal year ended May 31, 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for maintenance tax revenues, professional fees, and administrative expenditures. The Debt Service Fund accounts for financial resources restricted, committed or assigned for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction or facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $4,612,084 as of May 31, 2026. A portion of the District's net position reflects its net investment in capital assets consisting of land and roads, less any debt used to acquire those assets that is still outstanding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of the Statement of Net Position for the current and prior fiscal years. See Note 6 for information on changes to the fiscal year ending 2025 totals.

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 1,794,605	$ 1,036,076	$ 758,529
Capital Assets (Net of Accumulated Depreciation)	39,842,187	20,869,508	18,972,679
Total Assets	$ 41,636,792	$ 21,905,584	$ 19,731,208
Due to Developers	$ 28,850,161	$ 15,768,909	$ (13,081,252)
Bonds Payable	17,170,580	8,623,764	(8,546,816)
Other Liabilities	228,135	113,233	(114,902)
Total Liabilities	$ 46,248,876	$ 24,505,906	$ (21,742,970)
Net Position:			
Net Investment in Capital Assets	$ (6,156,138)	$ (3,352,635)	$ (2,803,503)
Restricted	803,258	616,348	186,910
Unrestricted	740,796	135,965	604,831
Total Net Position	$ (4,612,084)	$ (2,600,322)	$ (2,011,762)

The following table provides a summary of the District's operations for the current and prior fiscal years. See Note 6 for information on changes to the fiscal year ending 2025 totals.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,036,874	$ 373,410	$ 663,464
Other Revenues	84,332	17,537	66,795
Total Revenues	$ 1,121,206	$ 390,947	$ 730,259
Total Expenses	3,132,968	1,963,123	(1,169,845)
Change in Net Position	$ (2,011,762)	$ (1,572,176)	$ (439,586)
Net Position, Beginning of Year	(2,600,322)	(1,028,146)	(1,572,176)
Net Position, End of Year	$ (4,612,084)	$ (2,600,322)	$ (2,011,762)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2026, were $1,697,584, an increase of $708,541 from the prior year.

The General Fund fund balance increased by $482,638, primarily due to property tax revenues, exceeding professional fees, contracted services, and administrative costs during the year.

The Debt Service Fund fund balance increased by $267,920, primarily due to the structure of the District's outstanding debt and capitalized interest received in connection with the sale of the Series 2025 Road Bonds.

The Capital Projects Fund fund balance decreased by $42,017. The District sold its Series 2025 Road Bonds during the current fiscal year and used the proceeds to reimburse developers (see Note 10).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were $359,233 more than budgeted revenues and actual expenditures were $2,355 more than budgeted expenditures which resulted in a positive variance of $356,878. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of May 31, 2025, totaled $39,842,187 and included land as well as roads. See Note 6 for information on changes to the fiscal year ending 2025 totals.

Capital Assets At Year-End

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 506,313	$ 506,313	$
Capital Assets Subject to Depreciation:			
Roads	40,928,695	21,092,078	19,836,617
Less Accumulated Depreciation	(1,592,821)	(728,883)	(863,938)
Total Net Capital Assets	$ 39,842,187	$ 20,869,508	$ 18,972,679

COMMITMENTS AND CONTINGENCIES

As of May 31, 2026, the District recorded a long-term liability to its developers totaling $28,850,161 which consisted of costs related to the construction of certain road infrastructure within the District. Such costs may be reimbursable to its developers by the District from proceeds of future District bond issues, subject to approval by the Commission.

BONDS PAYABLE

At the end of the current fiscal year, the District had total bond debt payable of $17,000,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, June 1, 2025	$ 8,500,000
Add: Bond Sale - Series 2025 Road	8,500,000
Bond Debt Payable, May 31, 2026	$ 17,000,000

The District's Series 2024 Road Bonds and Series 2025 Road Bonds carry insured ratings of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

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 River Ranch Improvement District, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

RIVER RANCH IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 648,453	$ 1,048,775
Property Taxes Receivable	47,252	18,593
Due from Other Funds	67,151	
Prepaid Costs	4,727	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 767,583	$ 1,067,368
LIABILITIES		
Accounts Payable	$ 26,787	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		67,151
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 26,787	$ 67,151
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 47,252	$ 18,593
FUND BALANCES		
Nonspendable: Prepaid Costs	$ 4,727	$
Restricted for Authorized Construction		
Restricted for Debt Service		981,624
Unassigned	688,817	
TOTAL FUND BALANCES	$ 693,544	$ 981,624
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 767,583	$ 1,067,368
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 26,805	$ 1,724,033	$	$ 1,724,033
	65,845		65,845
	67,151	(67,151)	
	4,727		4,727
		39,842,187	39,842,187
$ 26,805	$ 1,861,756	$ 39,775,036	$ 41,636,792
$ 4,389	$ 31,176	$	$ 31,176
		196,959	196,959
		28,850,161	28,850,161
	67,151	(67,151)	
		170,000	170,000
		17,000,580	17,000,580
$ 4,389	$ 98,327	$ 46,150,549	$ 46,248,876
$ - 0 -	$ 65,845	$ (65,845)	$ - 0 -
$	$ 4,727	$ (4,727)	$
22,416	22,416	(22,416)	
	981,624	(981,624)	
	688,817	(688,817)	
$ 22,416	$ 1,697,584	$ (1,697,584)	$ - 0 -
$ 26,805	$ 1,861,756		
		$ (6,156,138)	$ (6,156,138)
		803,258	803,258
		740,796	740,796
		$ (4,612,084)	$ (4,612,084)

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

RIVER RANCH IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2026

Total Fund Balances - Governmental Funds		$ 1,697,584
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		39,842,187
Deferred inflows of resources related to property taxes receivable for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		65,845
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	$ (28,850,161)	
Accrued Interest Payable	(196,959)	
Bonds Payable	(17,170,580)	(46,217,700)
Total Net Position - Governmental Activities		$ (4,612,084)

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

RIVER RANCH IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MAY 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 709,088	$ 293,097
Investment and Miscellaneous Revenues	145	81,948
TOTAL REVENUES	$ 709,233	$ 375,045
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 184,857	$ 3,062
Contracted Services	15,738	21,486
Depreciation		
Other	17,902	8,562
Developer Reimbursements	8,098	
Developer Interest		
Debt Service:		
Bond Interest		472,428
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 226,595	$ 505,538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 482,638	$ (130,493)
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-Term Debt	$	$ 398,413
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 398,413
NET CHANGE IN FUND BALANCES	$ 482,638	$ 267,920
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2025, AS REPORTED	210,906	713,704
CHANGE IN ACCOUNTING PRINCIPLE		
JUNE 1, 2025, AS RESTATED	210,906	713,704
FUND BALANCES/NET POSITION - MAY 31, 2026	$ 693,544	$ 981,624

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,002,185	$ 34,689	$ 1,036,874
2,239	84,332		84,332
$ 2,239	$ 1,086,517	$ 34,689	$ 1,121,206
$ 1,888	$ 189,807	$	$ 189,807
	37,224		37,224
		863,938	863,938
5,140	31,604		31,604
6,747,267	6,755,365	(6,755,365)	
598,280	598,280		598,280
	472,428	94,059	566,487
845,628	845,628		845,628
$ 8,198,203	$ 8,930,336	$ (5,797,368)	$ 3,132,968
$ (8,195,964)	$ (7,843,819)	$ 5,832,057	$ (2,011,762)
$ 8,101,587	$ 8,500,000	$ (8,500,000)	$
(189,443)	(189,443)	189,443	
241,803	241,803	(241,803)	
$ 8,153,947	$ 8,552,360	$ (8,552,360)	$ -0-
$ (42,017)	$ 708,541	$ (708,541)	$
		(2,011,762)	(2,011,762)
64,433	989,043	(24,458,873)	(23,469,830)
		20,869,508	20,869,508
64,433	989,043	(3,589,365)	(2,600,322)
$ 22,416	$ 1,697,584	$ (6,309,668)	$ (4,612,084)

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

RIVER RANCH IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2026

Net Change in Fund Balances - Governmental Funds	$	708,541
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.		34,689
Governmental funds do not account for depreciation. In governmental activities, capital assets are depreciated over the estimated useful lives.		(863,938)
Governmental funds report capital outlay and developer reimbursements as expenditures in the year paid. In governmental activities, capital outlay increases capital assets and developer reimbursements decrease long-term liabilities.		6,755,365
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(94,059)
Governmental funds report bond proceeds, bond discounts, and bond premiums as other financing sources and uses. Bonds payable, net of unamortized bond premiums discounts, are recorded as liabilities in governmental activities.		(8,552,360)
Change in Net Position - Governmental Activities	$	(2,011,762)

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

RIVER RANCH IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2026

NOTE 1. CREATION OF DISTRICT

River Ranch Improvement District (the "District"), is a political subdivision of the State of Texas, created by special act of the Texas Legislature, Chapter 445, Acts of the 85th Legislature, Regular Session, 2017, and codified in Texas Special District Local Laws Code, Chapter 3948 (the "Act") and operates pursuant to Chapter 375, Texas Local Government Code, as amended. The District has a variety of powers related to promotion of economic development and the construction and financing of public infrastructure including specific powers provided pursuant to Chapter 3948, Texas Special District Local Laws Code. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts created pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. The Board of Directors held its first meeting on April 12, 2018.

The District is governed by a board of five voting directors who serve staggered terms of four years, with two or three directors' terms expiring June 1 of each odd-numbered year. The board by resolution may change the number of voting directors on the board, but the board may not consist of fewer than five or more than fifteen directors. The Texas Commission on Environmental Quality (the "TCEQ") appoints voting directors from persons recommended by the board. The board may appoint nonvoting directors to serve at the pleasure of the voting directors.

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 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").

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers each to be a major fund. The General Fund accounts for maintenance tax revenues, professional fees and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the costs of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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 with 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At year end, the Debt Service Fund owed the General Fund $67,151 for maintenance tax collections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 45 years.

The County has assumed maintenance responsibilities for roads within the boundaries of the District. In accordance with governmental accounting standards, the District records its investment in land and roads 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.

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

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

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2024 Road	Series 2025 Road
Amount Outstanding – April 30, 2026	$ 8,500,000	$ 8,500,000
Interest Rates	4.00% - 6.50%	4.00% - 6.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2026/2051	September 1, 2027/2052
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2030*	September 1, 2032*

* Or any date thereafter, at a price equal to the principal amount there of plus accrued interest thereon to the date fixed for redemption. Series 2025 Road term bonds maturing September 1, 2050 and 2052 are subject to mandatory redemption beginning September 1, 2049 and 2051, respectively.

Voters within the District have authorized the issuance of $972,000,000 principal amount of unlimited tax bonds for the purposes of the acquisition, construction, operation and maintenance of road, transportation and related appurtenances, recreational facilities, rail transportation projects, parking facilities, canals, waterways, bulkheads, docks and other facilities authorized by the Act including the promotion of economic development and the construction and financing of public infrastructure and the refunding of such bonds. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts. The District currently has authorized but unissued unlimited tax bonds totaling $955,000,000.

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

	June 1, 2025	Additions	Retirements	May 31, 2026
Bonds Payable	$ 8,500,000	$ 8,500,000	$	$ 17,000,000
Unamortized Discounts	(69,607)	(189,443)	(5,813)	(253,237)
Unamortized Premiums	193,371	241,803	11,357	423,817
Bonds Payable, Net	$ 8,623,764	$ 8,552,360	$ 5,544	$ 17,170,580

Amount Due Within One Year	$ 170,000
Amount Due After One Year	17,000,580
Bonds Payable, Net	$ 17,170,580

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 170,000	$ 782,313	$ 952,313
2028	345,000	765,575	1,110,575
2029	365,000	742,500	1,107,500
2030	385,000	718,125	1,103,125
2031	400,000	692,613	1,092,613
2032-2036	2,315,000	3,060,539	5,375,539
2037-2041	2,940,000	2,474,068	5,414,068
2042-2046	3,715,000	1,787,488	5,502,488
2047-2051	4,715,000	885,125	5,600,125
2052-2053	1,650,000	60,467	1,710,467
	$ 17,000,000	$ 11,968,813	$ 28,968,813

During the current year, the District levied an ad valorem debt service tax rate of $0.15 per $100 of assessed valuation, which resulted in a tax levy of $311,690 on the adjusted taxable valuation of $207,793,493 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,724,033 and the bank balance was $1,732,637. The District was not exposed to custodial credit risk at year-end.

	Cash
GENERAL FUND	$ 648,453
DEBT SERVICE FUND	1,048,775
CAPITAL PROJECTS FUND	26,805
TOTAL DEPOSITS	$ 1,724,033

Investments

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

As of May 31, 2026, the District did not own any investments.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Roads were previously recorded by the District as an expense in the year they completed. In accordance with governmental accounting standards, the District is required to record its investment in 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. This change in accounting principle resulted in increases to capital assets and net position totaling $20,869,508.

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

	June 1, 2025	Increases	Decreases	May 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 506,313	$ - 0 -	$ - 0 -	$ 506,313
Capital Assets Subject to Depreciation				
Roads	$ 21,092,078	$ 19,836,617	$ - 0 -	$ 40,928,695
Less Accumulated Depreciation				
Roads	$ 728,883	$ 863,938	$ - 0 -	$ 1,592,821
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 20,363,195	$ 18,972,679	$ - 0 -	$ 39,335,874
Capital Assets, Net of Accumulated Depreciation	$ 20,869,508	$ 18,972,679	$ - 0 -	$ 39,842,187

NOTE 7. MAINTENANCE TAX

On November 6, 2018, the voters of the District approved the levy and collection of a maintenance tax rate of an unlimited amount per $100 of assessed valuation of taxable property within the District which may be used to pay any lawfully authorized expenditures of the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.35 per $100 of assessed valuation, which resulted in a tax levy of $727,278 on the adjusted taxable valuation of $207,793,493 for the 2025 tax year.

NOTE 8. COMMITMENTS AND CONTINGENCIES

The District's Developer has incurred costs related to the construction of certain utility infrastructure as well as made operating advances to the District. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues, subject to approval by the Commission. The following table summarizes current year activity related to unreimbursed operating advances and construction costs:

Due to Developers, beginning of year	$ 15,768,909
Current year additions	19,836,617
Current year reimbursements	(6,755,365)
Due to Developers, end of year	$ 28,850,161

NOTE 9. RISK MANAGEMENT

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

NOTE 10. BOND SALE

On December 16, 2025, the District issued its $8,500,000 Unlimited Tax Road Bonds, Series 2025. Proceeds were used to reimburse developers for a portion of road construction and related engineering costs. Additional proceeds were used to pay for capitalized interest, developer interest, and bond issuance costs.

NOTE 11. RIVER RANCH DEVELOPMENT

The District is part of the master-planned community of River Ranch, currently consisting of the District and fifteen separate municipal utility districts known as River Ranch Municipal Utility Districts Nos. 1 through 15 (the "River Ranch MUDs"). The District encompasses all of the land within River Ranch including the River Ranch MUDs. Each of the River Ranch MUDs is a political subdivision of the State of Texas with the power to levy an unlimited tax on property within its boundaries following receipt of voter approval in an election and provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities.

Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by River Ranch Municipal Utility District No. 1 ("MUD 1"), in its capacity as the regional provider of such services (the "Master District"). Additionally, the Master District is expected to issue contract revenue bonds supported by a contract tax levied by the River Ranch MUDs to finance Master Facilities.

NOTE 12. SUBSEQUENT EVENT – PENDING BOND SALE

During the fourth quarter of 2026, subsequent to the report date, the District anticipates closing on the sale of its $2,750,000 Unlimited Tax Road Bonds, Series 2026. Proceeds will be used to reimburse developers for a portion of road construction and related engineering costs. Additional proceeds will be used to pay for capitalized interest, developer interest, and bond issuance costs.

RIVER RANCH IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2026

RIVER RANCH IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 350,000	$ 709,088	$ 359,088
Investment and Miscellaneous Revenues		145	145
TOTAL REVENUES	$ 350,000	$ 709,233	$ 359,233
EXPENDITURES			
Service Operations:			
Professional Fees	$ 187,500	$ 184,857	$ 2,643
Contracted Services	14,400	15,738	(1,338)
Other	22,340	17,902	4,438
Capital Outlay		8,098	(8,098)
TOTAL EXPENDITURES	$ 224,240	$ 226,595	$ (2,355)
NET CHANGE IN FUND BALANCE	$ 125,760	$ 482,638	$ 356,878
FUND BALANCE - JUNE 1, 2025	210,906	210,906	
FUND BALANCE - MAY 31, 2026	$ 336,666	$ 693,544	$ 356,878

RIVER RANCH IMPROVEMENT DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2026

RIVER RANCH IMPROVEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

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

Liberty County, Texas

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

Entirely _____ Partly __X__ Not at all _____

ETJ in which District is located:

City of Dayton, Texas

Is the District located within a city?

Entirely _____ Partly __X__ Not at all _____

City in which District is located:

City of Dayton, Texas

Are Board Members appointed by an office outside the District?

Yes __X__ No _____

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

PROFESSIONAL FEES:		
Auditing	$	15,000
Engineering		49,766
Legal		120,091
TOTAL PROFESSIONAL FEES	$	184,857
CONTRACTED SERVICES:		
Bookkeeping	$	15,738
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	6,219
Insurance		5,113
Office, Travel, and Other		6,570
TOTAL ADMINISTRATIVE EXPENDITURES	$	17,902
CAPITAL OUTLAY	$	8,098
TOTAL EXPENDITURES	$	226,595

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2025	$ 31,156		$ -0-	
Adjustments to Beginning Balance	(2,094)	$ 29,062		$ -0-
Original 2025 Tax Levy	$ 728,510		$ 312,218	
Adjustment to 2025 Tax Levy	(1,232)	727,278	(528)	311,690
TOTAL TO BE ACCOUNTED FOR		$ 756,340		$ 311,690
TAX COLLECTIONS:				
Prior Years, Including Rollbacks	$ 25,195		$	
Current Year	683,893	709,088	293,097	293,097
TAXES RECEIVABLE - MAY 31, 2026		$ 47,252		$ 18,593
TAXES RECEIVABLE BY YEAR:				
2025		$ 43,385		$ 18,593
2024		3,867		
TOTAL		$ 47,252		$ 18,593

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 74,636,890	$ 27,107,563	$ 38,305,294	$ 30,233,089
Improvements	138,432,410	43,997,657	7,311,180	188,340
Personal Property	11,818,900	7,513,410		
Exemptions	(17,094,707)	(4,473,476)	(26,985,668)	(24,358,435)
TOTAL PROPERTY VALUATIONS	$ 207,793,493	$ 74,145,154	$ 18,630,806	$ 6,062,994
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.15	$ 0.00	$ 0.00	$ 0.00
Maintenance	0.35	0.50	0.50	0.50
TOTAL TAX RATES PER $100 VALUATION	$ 0.50	$ 0.50	$ 0.50	$ 0.50
ADJUSTED TAX LEVY*	$ 1,038,968	$ 370,726	$ 93,154	$ 30,315
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	94.03 %	98.96 %	100.00 %	100.00 %

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

* Maintenance Tax – Maximum tax rate of an unlimited amount per $100 assessed valuation was approved by voters on November 6, 2018.

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2024 ROAD		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 170,000	$ 383,900	$ 553,900
2028	180,000	372,525	552,525
2029	190,000	360,500	550,500
2030	200,000	347,825	547,825
2031	210,000	334,500	544,500
2032	220,000	320,525	540,525
2033	230,000	305,900	535,900
2034	240,000	292,425	532,425
2035	250,000	281,425	531,425
2036	260,000	271,225	531,225
2037	275,000	260,525	535,525
2038	290,000	249,225	539,225
2039	300,000	237,425	537,425
2040	315,000	224,928	539,928
2041	330,000	211,625	541,625
2042	345,000	197,703	542,703
2043	360,000	183,163	543,163
2044	380,000	167,663	547,663
2045	395,000	151,194	546,194
2046	415,000	133,981	548,981
2047	435,000	115,919	550,919
2048	455,000	97,006	552,006
2049	480,000	77,138	557,138
2050	500,000	56,313	556,313
2051	525,000	34,531	559,531
2052	550,000	11,686	561,686
2053			
	$ 8,500,000	$ 5,680,775	$ 14,180,775

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2025 ROAD		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 398,413	$ 398,413
2028	165,000	393,050	558,050
2029	175,000	382,000	557,000
2030	185,000	370,300	555,300
2031	190,000	358,113	548,113
2032	200,000	345,438	545,438
2033	210,000	332,113	542,113
2034	225,000	317,975	542,975
2035	235,000	303,025	538,025
2036	245,000	290,488	535,488
2037	260,000	280,388	540,388
2038	270,000	269,787	539,787
2039	285,000	258,687	543,687
2040	300,000	246,987	546,987
2041	315,000	234,491	549,491
2042	330,000	221,188	551,188
2043	345,000	207,050	552,050
2044	365,000	191,734	556,734
2045	380,000	175,437	555,437
2046	400,000	158,375	558,375
2047	420,000	140,437	560,437
2048	440,000	121,625	561,625
2049	465,000	101,828	566,828
2050	485,000	81,047	566,047
2051	510,000	59,281	569,281
2052	535,000	36,422	571,422
2053	565,000	12,359	577,359
	$ 8,500,000	$ 6,288,038	$ 14,788,038

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

Due During Fiscal Years Ending May 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 170,000	$ 782,313	$ 952,313
2028	345,000	765,575	1,110,575
2029	365,000	742,500	1,107,500
2030	385,000	718,125	1,103,125
2031	400,000	692,613	1,092,613
2032	420,000	665,963	1,085,963
2033	440,000	638,013	1,078,013
2034	465,000	610,400	1,075,400
2035	485,000	584,450	1,069,450
2036	505,000	561,713	1,066,713
2037	535,000	540,913	1,075,913
2038	560,000	519,012	1,079,012
2039	585,000	496,112	1,081,112
2040	615,000	471,915	1,086,915
2041	645,000	446,116	1,091,116
2042	675,000	418,891	1,093,891
2043	705,000	390,213	1,095,213
2044	745,000	359,397	1,104,397
2045	775,000	326,631	1,101,631
2046	815,000	292,356	1,107,356
2047	855,000	256,356	1,111,356
2048	895,000	218,631	1,113,631
2049	945,000	178,966	1,123,966
2050	985,000	137,360	1,122,360
2051	1,035,000	93,812	1,128,812
2052	1,085,000	48,108	1,133,108
2053	565,000	12,359	577,359
	$ 17,000,000	$ 11,968,813	$ 28,968,813

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2026

Description	Original Bonds Issued	Bonds Outstanding June 1, 2025
River Ranch Improvement District Unlimited Tax Road Bonds - Series 2024	$ 8,500,000	$ 8,500,000
River Ranch Improvement District Unlimited Tax Road Bonds - Series 2025	8,500,000	
TOTAL	$ 17,000,000	$ 8,500,000

Debt Service Fund cash balance as of May 31, 2026:	$ 1,048,775
Average annual debt service payment for remaining term of all bond debt:	$ 1,072,919

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

Voters within the District have authorized the issuance of $972,000,000 principal amount of unlimited tax bonds for the purposes of the acquisition, construction, operation and maintenance of road, transportation and related appurtenances, recreational facilities, rail transportation projects, parking facilities, canals, waterways, bulkheads, docks and other facilities authorized by the Act including the promotion of economic development and the construction and financing of public infrastructure and the refunding of such bonds. These powers also include some or all of the powers which may be granted to municipal management districts, navigation districts, road utility districts, rural rail transportation districts and municipal utility districts. The District currently has authorized but unissued unlimited tax bonds totaling $955,000,000.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding May 31, 2026	Paying Agent
$	$	$ 389,425	$ 8,500,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
8,500,000		83,003	8,500,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
$ 8,500,000	$ - 0 -	$ 472,428	$ 17,000,000	

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FOUR YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 709,088	$ 345,961	$ 96,951
Investment and Miscellaneous Revenues	145	2,450	268
TOTAL REVENUES	$ 709,233	$ 348,411	$ 97,219
EXPENDITURES			
Professional Fees	$ 184,857	$ 163,600	$ 137,926
Contracted Services	15,738	18,943	11,975
Other	17,902	15,991	10,565
Capital Outlay	8,098		
TOTAL EXPENDITURES	$ 226,595	$ 198,534	$ 160,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 482,638	$ 149,877	$ (63,247)
OTHER FINANCING SOURCES			
Transfers In	$	$ 14,022	$
Developer Advances		32,955	73,021
TOTAL OTHER FINANCING SOURCES	$ - 0 -	$ 46,977	$ 73,021
NET CHANGE IN FUND BALANCE	$ 482,638	$ 196,854	$ 9,774
BEGINNING FUND BALANCE	210,906	14,052	4,278
ENDING FUND BALANCE	$ 693,544	$ 210,906	$ 14,052

See accompanying independent auditor's report.

	Percentage of Total Revenues			
2023	2026	2025	2024	2023
$ 36,012	100.0 %	99.3 %	99.7 %	100.0 %
		0.7	0.3	
$ 36,012	100.0 %	100.0 %	100.0 %	100.0 %
$ 71,337	26.1 %	47.0 %	141.9 %	198.1 %
9,482	2.2	5.4	12.3	26.3
5,870	2.5	4.6	10.9	16.3
	1.1			
$ 86,689	31.9 %	57.0 %	165.1 %	240.7 %
$ (50,677)	68.1 %	43.0 %	(65.1) %	(140.7) %
$ 46,000				
$ 46,000				
$ (4,677)				
8,955				
$ 4,278				

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FOUR YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 293,097	$	$
Investment and Miscellaneous Revenues	81,948	14,902	
TOTAL REVENUES	$ 375,045	$ 14,902	$ - 0 -
EXPENDITURES			
Tax Assessment and Collection	$ 33,110	$	$
Debt Service Interest	472,428	80,048	
TOTAL EXPENDITURES	$ 505,538	$ 80,048	$ - 0 -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (130,493)	$ (65,146)	$ - 0 -
OTHER FINANCING SOURCES			
Proceeds From Issuance of Long-Term Debt	$ 398,413	$ 778,850	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 267,920	$ 713,704	$ - 0 -
BEGINNING FUND BALANCE	713,704		
ENDING FUND BALANCE	$ 981,624	$ 713,704	$ - 0 -
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by River Ranch Municipal Utility District No. 1 in its capacity as the regional provider of such services (as the "Master District").

See accompanying independent auditor's report.

	Percentage of Total Revenues			
2023	2026	2025	2024	2023
$	78.1 %	%		
	21.9	100.0		
$ - 0 -	100.0 %	100.0 %	N/A	N/A
$	4.7 %	%		
	126.0	537.2		
$ - 0 -	130.7 %	537.2 %	N/A	N/A
$ - 0 -	(30.7) %	(437.2) %	N/A	N/A
$ - 0 -				
$ - 0 -				
$ - 0 -				
**				
**				

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

District Mailing Address - River Ranch Improvement District
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2026	Expense Reimbursements for the year ended May 31, 2026	Title
Carla Stanley	06/25 06/29 (Appointed)	$ 1,326	$ 177	President
Christopher Brant Elliot	06/25 06/29 (Appointed)	$ 884	$ 113	Vice President
Wayne Knox	06/23 06/27 (Appointed)	$ 1,768	$ 1,010	Secretary
Robert Tyrus Dwyer	12/23 06/27 (Appointed)	$ 1,326	$ 155	Assistant Secretary

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

The most recent submission date of the District Registration Form was on January 29, 2026.

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

See accompanying independent auditor's report.

RIVER RANCH IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

Consultants:	Date Hired	Fees for the year ended May 31, 2026	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	04/12/18	$ 120,091 $ 239,004	General Counsel Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	08/10/23	$ 15,000 $ 52,500	Auditor Bond Related
Myrtle Cruz, Inc.	04/12/18	$ 20,066 $ -0-	Bookkeeper/ Investment Officer
LJA Engineering	04/08/21	$ 40,965	Engineer
Quiddity Engineering	08/10/23	$ 51,248	Engineer
Masterson Advisors LLC	04/12/18	$ 175,705	Financial Advisor
Utility Tax Service, LLC	05/10/18	$ 23,323	Tax Assessor

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.

SPECIMEN

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

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

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