OFFICIAL NOTICE OF SALE DATED OCTOBER 2, 2026

$3.050,000

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
(A Political Subdivision of the State of Texas Located in Bell County, Texas)

UNLIMITED TAX ROAD BONDS, SERIES 2026A

Bids Due: Tuesday, October 13, 2026 by 9:00 A.M., C.D.T.

The Bonds are obligations solely of Bell County Municipal Utility District No. 2 (the "District") and are not obligations of the City of Belton, Texas; Bell County, Texas; the State of Texas, or any entity other than the District.

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

THE SALE

Bonds Offered for Sale at Competitive Bidding . . . The District is offering for sale $3,050,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds"). Sealed bids may be submitted by: (i) electronic bids through the Parity Electronic Bid Submission System ("PARITY") or (ii) in the event PARITY is unavailable, electronic mail. Neither the District nor its Financial Advisor, Public Finance Group LLC, assumes any responsibility or liability for a prospective bidding procedure.

The District and Public Finance Group LLC assume no responsibility or liability with respect to any irregularities associated with the submission of any bids.

The District and Public Finance Group LLC will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained by PARITY.

Procedure Number 1: Electronic Bidding Procedures. . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between 8:00 A.M., C.D.T. and 9:00 A.M., C.D.T., on the date of the bid opening.

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849-5021.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to PARITY.

An electronic bid made through the facilities of PARITY shall be deemed a sealed irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither Public Finance Group LLC nor the District shall be responsible for any malfunction or mistake made by, or as a result of, the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form. If any provision of this Official Notice of Sale conflicts with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control.

For information purposes only, bidders are requested to state in their electronic bids the net effective interest cost to the District, as described under "Basis of Award" below.

The District and Public Finance Group LLC will not be responsible for submitting any bids received after the above deadlines.

Procedure Number 2: Bids by Electronic Mail (only in the event PARITY is unavailable) . . . Any prospective bidder that intends to submit a bid by electronic mail, due to the unavailability of PARITY, must submit its bid between 8:00 A.M., C.D.T. and 9:00 A.M., C.D.T., on the date of the bid opening. Electronic Mail bids to the attention of Cheryl Allen will be accepted at callen@publicfinancegrp.com. All bids must be submitted on the "Official Bid Form" without alteration or interlineations. Copies of the Official Bid Form accompany the Preliminary Official Statement.

The District and Public Finance Group LLC are not responsible if such facsimile number is busy or malfunctioning which prevents a bid or bids from being submitted on a timely basis.

Signed Official Bid Forms . . . The bidder whose bid is the lowest bid in accordance with this Notice of Sale will be notified immediately by Public Finance Group LLC and must submit a fax of a Signed Official Bid Form by 9:30 A.M., C.D.T. in connection with the sale on the date of the bid opening to Cheryl Allen, Public Finance Group LLC, callen@publicfinancegrp.com.

Place and Time of Bid Opening . . . The Board will publicly review bids for the purchase of the Bonds at a Board meeting on the date of the bid opening, Tuesday, October 13, 2026, at 11:00 a.m., C.D.T. The meeting will be held in-person at the offices of W&B Development II, LLC, 109 West 2nd Street, Georgetown, Texas 78626.

Award of Bonds . . . The District will take action to award the Bonds or reject all bids promptly upon receiving the bids. Upon awarding the Bonds, the District will also adopt the order authorizing issuance of the Bonds (the "Bond Order") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. The District shall award the Bonds by executing the Official Bid Form. The award will be given to the entity submitting the best bid for the Bonds as "Bidder" (the "Purchaser" or "Initial Purchaser") as further described herein. Bidders that work with syndicates of dealers may disclose to the District members of its syndicate, but for all purposes of contracting for the sale of the Bonds, the entity signing the Official Bid Form as "Bidder" shall be solely responsible for the payment of the purchase price of the Bonds, and any information provided with respect to syndicate members shall be provided solely for informational purposes. The District reserves the right to reject any and all bids and to waive any irregularities except time of submission. Sale of the Bonds will be made subject to the terms, conditions, and provisions of the Bond Order to which Bond Order reference is hereby made for all purposes.

Withdrawal of the Bids . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for four hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

Extension of Sale Date . . .The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 P.M., C.D.T., on Monday, October 12, 2026, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE BONDS

Description of Bonds . . . The Bonds will be dated November 17, 2026 (the "Closing Date") and interest on the Bonds will be payable March 1, 2027, and semiannually thereafter on September 1 and March 1 until maturity or earlier redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent").

The Bonds mature serially on September 1 in the years and amounts shown on the following page.

Maturity (September 1)	Principal Amount	Maturity (September 1)	Principal Amount
2027	$ 25,000	2040	$ 130,000
2028	25,000	2041	135,000
2029	25,000	2042	145,000
2030	25,000	2043	145,000
2031	85,000	2044	155,000
2032	85,000	2045	165,000
2033	90,000	2046	170,000
2034	95,000	2047	185,000
2035	100,000	2048	190,000
2036	105,000	2049	195,000
2037	110,000	2050	210,000
2038	115,000	2051	215,000
2039	125,000		

The District reserves the right to redeem prior to maturity, in integral multiples of $5,000, those Bonds maturing on and after September 1, 2033 in whole or from time to time in part on September 1, 2032, or any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds or sinking fund installments in the case of Term Bonds, described below, are to be redeemed, the particular Bonds, or portions thereof, or sinking fund installments in the case of any Term Bonds, shall be selected and designated by the District, and if less than all of the Bonds, or sinking fund installments in the case of any Term Bonds, to be redeemed shall be selected by the Paying Agent by lot or other customary random method.

Bidders have the right to designate one or more maturity dates for the Bonds on or after September 1, 2033 as serial or term Bonds maturing on a single date with sinking fund installments (the "Term Bonds"). No sinking fund installment with respect to any Term Bond shall be due on or prior to the date of the final maturity of any earlier maturity Term Bond. The amount of Term Bonds, if any, maturing on each maturity date shall be equal to the sum of (1) the installment specified above for such maturity date and (2) the installments specified above preceding such date (and subsequent to any earlier final maturity date of another specified Term Bond, and the Term Bonds of such maturity shall be retired utilizing such installments and sinking fund installments at par plus accrued interest). If and to the extent the successful bidder specifies for the Bonds a maturity date or dates of September 1, 2033 and consecutive subsequent years, the District will issue such Bonds as serial bonds maturing on such date or dates in amounts in accordance with the foregoing respective schedules. The balance of such Bonds, if any, shall be issued as Term Bonds as designated by the successful bidder.

Successor Paying Agents . . . The Paying Agent may be removed from its duties as Paying Agent with or without cause by action of the Board of Directors of the District upon thirty (30) days notice to be effective at such time which will not disrupt orderly payment on the next principal or interest payment date, but no such removal shall become effective until a successor Paying Agent has accepted the duties of the Paying Agent by written instrument. Every Paying Agent appointed by the Board of Directors must be a competent and legally qualified bank, trust company, financial institution, or other agency qualified to act as and perform the services as Paying Agent.

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

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

Book-Entry-Only System . . . The District intends to utilize the Book-Entry-Only System of DTC. See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.

Municipal Bond Rating and Insurance . . . The District has applied for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds, and has qualified for such insurance. The purchase of municipal bond insurance, if available, will be at the option and expense of the Initial Purchaser. The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such an application been made.

CONDITIONS OF SALE

Types of Bids and Interest Rates . . . The Bonds will be sold in one block, all or none, and no bid of less than 97% of par value plus accrued interest to the date of delivery will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. The difference between the highest interest rate bid and the lowest interest rate bid shall not exceed 2%. Interest rates must be in multiples of 1/8th or 1/20th of 1%. Any number of interest rates and rate changes may be named, but graduating or declining interest rates within a maturity, split interest rates within a maturity, or supplemental or zero interest rates will not be acceptable.

Post Bid Modification of Principal Amounts Per Maturity…After selecting the winning bid, the aggregate principal amount of the Bonds per maturity and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in $5,000 increments to reflect the actual interest rates and to create a substantially level debt service schedule for the District. Such adjustments will not change the aggregate principal amount of the Bonds and will not change the aggregate principal amount per maturity by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustments within four (4) hours after the opening of bids. Purchaser's compensation will be based upon the final par amount after any adjustments thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount per maturity of the par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustments of the aggregate principal amount of the Bonds per maturity and/or of the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to conditions herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

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

Disclosure of Interested Party Form 1295 . . . In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295") to the District as prescribed by the Texas Ethics Commission ("TEC"), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly-owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is the name of the governmental entity (*Bell County Municipal Utility District No. 2*) and box 3 is the identification number assigned to this contract by the District (Bell Co MUD2-UTRB2026A-Bid) and description of the goods or services (*Purchase of the Bell County MUD No. 2 Unlimited Tax Road Bonds, Series 2026A*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the District to complete the TEC Form 1295 electronically at https://www.ethics.state.tx.us/main/file.htm, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the District. The completed and signed TEC Form 1295 must be sent by email, to the District's financial advisor at callen@publicfinancegrp.com and bond counsel at cchandler@mphlegal.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the District, the Interested Party Disclosure Act and the TEC Form 1295 provide that such declaration is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules, and the TEC Form 1295. **Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed TEC Form 1295 is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein.** Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/**whatsnew**/elf_info_form1295.htm.

Good Faith Deposit . . . A bank cashier's check, payable to the order of "Bell County Municipal Utility District No. 2," in the amount of $122,000 which is 4% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the District pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to accept and pay for the Bonds in accordance with its bid and then said check shall be cashed and accepted by the District and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the District that the Purchaser was found not to satisfy the requirements described under "Verifications of Statutory Representations and Covenants" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of initial delivery of the Bonds.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the District.

Verifications of Statutory Representations and Covenants. . . The District will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the Official Bid Form. The Official Bid Form, once submitted by the bidder and accepted by the District, constitutes a contract for purposes of such verifications. As used in such verifications, "affiliate" means any entity that controls, is controlled by, or is under common control with the bidder within the meaning of Securities and Exchange Commission ("SEC") Rule 405, 17. C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

(i) **Not a Sanctioned Company (Government Code, Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(ii) **No Boycott of Israel (Government Code, Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Official Bid Form. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Government Code, Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not "discriminate against a firearm entity or firearm trade association" during the term of the Official Bid Form. As used in the foregoing verification, "discriminate against a firearm entity" or "firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(iv) **No Boycott of Energy Companies (Government Code, Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Official Bid Form. As used in the foregoing verification, "boycott energy companies" has the meaning provided under Section 2276.001(1), Government Code.

Further State Law Compliance and Standing Letter Representation . . . Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting a bid, a bidder represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The bidder agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The District will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. If requested by the District, the Purchaser agrees to provide such further representations, certifications, or assurances in connection with the Covered Verifications (defined below), as of the delivery date of the Bonds or such other date requested by the District, including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE DISTRICT RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, WHOLLY- OR MAJORITY-OWNED SUBSIDIARIES, OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION, THE TEXAS COMPTROLLER, OR THE TEXAS ATTORNEY GENERAL RELATED TO ITS INCLUSION ON ANY LIST OF FINANICAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF SALE – Good Faith Deposit"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE "COVERED VERIFICATIONS") SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE DISTRICT RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

Texas Bond Review Board Information . . . In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Government Code, as amended, the Initial Purchaser will be required to provide the District with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any), and Spread Expenses (if any).

OFFICIAL STATEMENT

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

Final Official Statement . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included), if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District

does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT - Certification as to Official Statement."

Changes to Official Statement During Underwriting Period . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the Federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS - Delivery." The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

Delivery of Official Statements . . . The District will furnish the Official Statement (in electronic form) to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date. The District will also furnish (in electronic form) the Initial Purchaser any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above in "OFFICIAL STATEMENT – Changes to Official Statement During Underwriting Period." Delivery of the Official Statement will be provided in electronic form. No printed copies of the Official Statement will be provided to the Initial Purchaser unless requested in writing (in which case the District will furnish the Initial Purchaser up to 250 printed copies).

Rule G-36 Requirements . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rulemaking Board's Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the "Official Statement" along with two complete Form G-36's to the appropriate address.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery . . . The Bonds will be tendered to the Initial Purchaser as a single typewritten, photocopied, or otherwise reproduced bond payable in installments in fully registered form in the aggregate principal amount of $3,050,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, manually signed by the President and Secretary of the Board of Directors, or executed by the facsimile signatures of the President and Secretary of the Board of Directors, and approved by the Attorney General of the State and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Initial delivery will be at the designated office for payment of the Paying Agent in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about November 17, 2026 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 11:00 A.M., C.S.T., on November 17, 2026 or thereafter on the date the Bonds are tendered for delivery up to and including December 17, 2026. If for any reason the District is unable to make delivery on or before December 17, 2026, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within five (5) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

DTC Definitive Bonds . . . The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co. as the nominee for DTC. All reference herein and in the Official Statement to the bondholders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in the denomination of $5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

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

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

Legal Opinions . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District, and (3) pursuant to the Internal Revenue Code of 1986, as amended, (the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from the gross income, and 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 Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

Establishing The Issue Price For The Bonds…The District intends to rely on Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which requires, among other things, that the District receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the District the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the District with information that enables it to comply with the establishment of the issue price of the Bonds under the Code, the winning bidder agrees to complete, execute, and timely deliver to the District or to the District's financial advisor (the "District's Financial Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the District. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or to otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Bonds are awarded by the District to the winning bidder

All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

The District will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement, and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer, or broker-dealer, the winning bidder will assume that, based on such agreement,. each order submitted by the Underwriter, dealer, or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each Underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the District when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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 by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a "financial institution" allocable to a tax-exempt obligation, other than "private activity bonds," which are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any subordinate issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as referring to any corporation 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 which is subject to federal or state supervision as a financial institution.

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public (or, in the case of discount bonds, the amount payable at maturity) exceeds $10,000,000, then such obligations might fail to satisfy the $10,000,000 limitation and the obligations would not be "qualified tax-exempt obligations."

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

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

CONTINUING DISCLOSURE

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

GENERAL CONSIDERATIONS

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

Record Date . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

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

Risk Factors . . . The Bonds involve certain investment considerations and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the risk factors associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "RISK FACTORS."

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

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

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

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

Copies of Documents . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained via email from Public Finance Group LLC, at callen@publicfinancegrp.com, linda@publicfinancegrp.com, or lauren@publicfinancegrp.com.

Board of Directors
Bell County Municipal Utility District No. 2

Friday, October 2, 2026

OFFICIAL BID FORM

President and Board of Directors
Bell County Municipal Utility District No. 2

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of Bell County Municipal Utility District No. 2 (the "District") relating to its $3,050,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds"), which by reference are made a part hereof. We recognize the special investment considerations involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale, and the Preliminary Official Statement, for a cash price of $_____ (which represents _____% of par value), provided such Bonds mature September 1 and bear interest in each year at the following rates:

Maturity* (September 1)	Principal Amount	Interest Rate	Maturity* (September 1)	Principal Amount	Interest Rate
2027	$ 25,000	_____%	2040	$ 130,000	_____%
2028	25,000	_____%	2041	135,000	_____%
2029	25,000	_____%	2042	145,000	_____%
2030	25,000	_____%	2043	145,000	_____%
2031	85,000	_____%	2044	155,000	_____%
2032	85,000	_____%	2045	165,000	_____%
2033	90,000	_____%	2046	170,000	_____%
2034	95,000	_____%	2047	185,000	_____%
2035	100,000	_____%	2048	190,000	_____%
2036	105,000	_____%	2049	195,000	_____%
2037	110,000	_____%	2050	210,000	_____%
2038	115,000	_____%	2051	215,000	_____%
2039	125,000	_____%			

_____

* The District reserves the right to redeem, in integral multiples of $5,000, prior to maturity, those Bonds maturing on and after September 1, 2033 in whole or from time to time in part on September 1, 2032, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

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

Total Interest Cost ..... $_____

Plus: Cash Discount ..... $_____

Net Interest Cost..... $_____

Net Effective Interest Rate ..... _____%

The mandatory sinking fund installments checked above, if any, shall be applied for the redemption of term bonds maturing as follows:

Term Bond Maturity Date September 1	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
_____	_____	_____	_____%
_____	_____	_____	_____%
_____	_____	_____	_____%
_____	_____	_____	_____%

The initial bond shall be registered in the name of _____ (syndicate manager). We will advise the office of UMB Bank, N.A., the Registrar, on forms to be provided by the Registrar, of our registration instructions at least five business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Registrar to accept any registration instructions after the five day period for delivery of Bonds on the closing date.

Cashier's Check No. _____, issued by _____ Bank, _____, Texas and payable to your order in the amount of $122,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us, except as provided herein with respect to the Covered Verifications (defined below). We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

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

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees to provide the pricing wire to Public Finance Group LLC by the close of such business day of the award.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or Notice of Sale, notwithstanding anything in this Official Bid Form or Notice of Sale to the contrary.

(i) **Not a Sanctioned Company (Government Code, Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(ii) **No Boycott of Israel (Government Code, Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Official Bid Form. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Government Code, Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Official Bid Form. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(iv) **No Boycott of Energy Companies (Government Code, Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Official Bid Form. As used in the foregoing verification, "boycott energy companies" has the meaning provided under Section 2276.001(1), Government Code.

By submitting this bid, the Purchaser understands and agrees that, if Purchaser should fail or refuse to accept and pay for the Bonds in accordance with this bid, or it is determined that, after the acceptance of this bid by the District, the Purchaser was found not to satisfy requirements described in the Official Notice of Sale and Bidding Instructions under the heading "CONDITIONS OF SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the District. IF THE DISTRICT CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Government Code, as amended and as described above (collectively, the "Covered Verifications"), shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. This Official Bid Form, once submitted and accepted by the District, constitutes a contract for purposes of the Covered Verifications. Additionally, the Purchaser acknowledges and agrees that the District reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualifications and including current statutory citations and it has no reason to believe that the District may not be entitled to rely upon the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind the standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications, or assurances in connection with the Covered Verification, as of the delivery date of the Bonds or such other date requested by the District, including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the District, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries, or affiliates are, on a list maintained by the Texas Comptroller or who has received a letter or other inquiry from a political subdivision, the Texas Comptroller, or the Texas Attorney General related to its inclusion on any list of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that, to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF SALE – Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE OFFICIAL BID FORM OF THE PURCHASER TO PURCHASE THE BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The Initial Purchaser agrees that dissemination of the final Official Statement will be in electronic form only unless written request for printed Official Statements is submitted to the District (in which case the District will furnish to the Initial Purchaser up to 250 printed copies).

The undersigned certifies that the Initial Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or wholly owned subsidiary of a publicly traded business entity

Respectfully submitted,

(Syndicate members, if any)

_____ _____

_____ _____

_____ By:_____

(Authorized Representative)

Phone Number: _____

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Bell County Municipal Utility District No. 2 this _____ day of _____, 2026.

ATTEST:

_____ _____

Secretary, Board of Directors President, Board of Directors

BOND YEARS

Interest Accrues From: November 17, 2026 **Due: September 1**

Year	Amount	Bond Years	Cumulative Bond Years	Year
2027	25,000	19.72	19.72	2027
2028	25,000	44.72	64.44	2028
2029	25,000	69.72	134.17	2029
2030	25,000	94.72	228.89	2030
2031	85,000	407.06	635.94	2031
2032	85,000	492.06	1,128.00	2032
2033	90,000	611.00	1,739.00	2033
2034	95,000	739.94	2,478.94	2034
2035	100,000	878.89	3,357.83	2035
2036	105,000	1,027.83	4,385.67	2036
2037	110,000	1,186.78	5,572.44	2037
2038	115,000	1,355.72	6,928.17	2038
2039	125,000	1,598.61	8,526.78	2039
2040	130,000	1,792.56	10,319.33	2040
2041	135,000	1,996.50	12,315.83	2041
2042	145,000	2,289.39	14,605.22	2042
2043	145,000	2,434.39	17,039.61	2043
2044	155,000	2,757.28	19,796.89	2044
2045	165,000	3,100.17	22,897.06	2045
2046	170,000	3,364.11	26,261.17	2046
2047	185,000	3,845.94	30,107.11	2047
2048	190,000	4,139.89	34,247.00	2048
2049	195,000	4,443.83	38,690.83	2049
2050	210,000	4,995.67	43,686.50	2050
2051	215,000	5,329.61	49,016.11	2051

Total Bond Years: 49,016.11
Average Maturity: 16.070856 Years

ISSUE PRICE CERTIFICATE
(Sales where **at least 3 bids are received from underwriters**)

The undersigned, as the Underwriter or the manager of the syndicate of Underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2026A issued by the Bell County Municipal Utility District No. 2 ("Issuer") in the principal amount of $3,050,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

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

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the "Insurer") for a fee of $_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By:_____

Name:_____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

ISSUE PRICE CERTIFICATE
(Sales where **less than 3 bids are received from underwriters**)

The undersigned, as the Underwriter or the manager of the syndicate of Underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2026A issued by the Bell County Municipal Utility District No. 2 ("Issuer") in the principal amount of $3,050,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in _____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the "Insurer") for a fee of $_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By:_____

Name:_____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2026

NEW ISSUE -BOOK-ENTRY-ONLY

Insurance: Applied For
See "MUNICIPAL BOND RATING AND INSURANCE"

In the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel to the District, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.

$3,050,000
BELL COUNTY MUNICIPAL UTILITY DISTRICT No. 2
(A Political Subdivision of the State of Texas Located in Bell County, Texas)
UNLIMITED TAX ROAD BONDS, SERIES 2026A

Dated: November 17, 2026 **Due: September 1, as shown on the inside cover page**

Interest on the $3,050,000 Bell County Municipal Utility District No. 2 Unlimited Tax Road Bonds, Series 2026A (the "Bonds") will accrue from the Date of Initial Delivery, defined below, and is payable March 1, 2027 and each September 1 and March 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds are obligations solely of Bell County Municipal Utility District No. 2 (the "District") and are not obligations of the City of Killeen, Texas (the "City"); Bell County, Texas; (the "County") the State of Texas (the "State"); or any entity other than the District.

The District has applied for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds, and has qualified for such insurance. The purchase of municipal bond insurance, if available, will be at the option and expense of the Initial Purchaser. The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such an application been made. See "MUNICIPAL BOND RATING AND INSURANCE" and "RISK FACTORS – Bond Insurance Risks."

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS
(see inside cover page)

The Bonds, when issued, will constitute valid and legally binding obligations of the District payable solely from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of and Security for Payment." This cover page contains information for quick reference only and is not a summary of the Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS" herein.

The Bonds are offered by the initial purchaser (the "Initial Purchaser"), subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the initial Bond by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about November 17, 2026 (the "Date of Initial Delivery") in Austin, Texas.

BIDS DUE: TUESDAY, OCTOBER 13, 2026 BY 9:00 A.M., C.D.T.
AWARD EXPECTED: 11:00 A.M., C.D.T.

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS
(Due September 1)

CUSIP Prefix: 07804E

Due		Principal Amount	Interest Rate [a]	Initial Reoffering Yield [b]	CUSIP Suffix [c]	Due		Principal Amount	Interest Rate [a]	Initial Reoffering Yield [b]	CUSIP Suffix [c]
2027		$ 25,000	_____%	_____%	_____	2040	*	$ 130,000	_____%	_____%	_____
2028		25,000	_____%	_____%	_____	2041	*	135,000	_____%	_____%	_____
2029		25,000	_____%	_____%	_____	2042	*	145,000	_____%	_____%	_____
2030		25,000	_____%	_____%	_____	2043	*	145,000	_____%	_____%	_____
2031		85,000	_____%	_____%	_____	2044	*	155,000	_____%	_____%	_____
2032		85,000	_____%	_____%	_____	2045	*	165,000	_____%	_____%	_____
2033	*	90,000	_____%	_____%	_____	2046	*	170,000	_____%	_____%	_____
2034	*	95,000	_____%	_____%	_____	2047	*	185,000	_____%	_____%	_____
2035	*	100,000	_____%	_____%	_____	2048	*	190,000	_____%	_____%	_____
2036	*	105,000	_____%	_____%	_____	2049	*	195,000	_____%	_____%	_____
2037	*	110,000	_____%	_____%	_____	2050	*	210,000	_____%	_____%	_____
2038	*	115,000	_____%	_____%	_____	2051	*	215,000	_____%	_____%	_____
2039	*	125,000	_____%	_____%	_____						

_____

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

(a) After requesting competitive bids for the purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of _____% of par, resulting in a net effective interest rate to the District of _____%.

(b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.

(c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services provided by CUSIP Global Services. None of the Initial Purchaser, the District, or Public Finance Group LLC, the District's financial advisor (the "Financial Advisor"), is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancements by investors that is applicable to all or a portion of certain maturities of the Bonds.

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APPENDIX B – Form of Bond Counsel Opinion

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), this document constitutes a preliminary official statement of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of the information permitted by the Rule.

This Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "Final Official Statement" of the District with respect to the Bonds, as the term is defined in the Rule.

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

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

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

Any references to website 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 websites and the information contained therein are not incorporated into, and are not part of, this Official Statement.

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

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

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

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

Prices and Marketability

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

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

Securities Laws

NEITHER THE UNITED STATES SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

The statements contained in this Official Statement, and in other information provided by the District, that are not purely historical, are forward-looking statements, including regarding the District's expectations, hopes, intentions, or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See "RISK FACTORS – Forward-Looking Statements."

MUNICIPAL BOND RATING AND INSURANCE

The District has applied for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds and has qualified for such insurance. The purchase of such insurance, if available, and the payment of all associated costs will be at the option and expense of the Initial Purchaser. The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such an application been made. See "RISK FACTORS – Bond Insurance Risks."

[The remainder of this page intentionally left blank]

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Investment in the Bonds is subject to certain risk factors. See "RISK FACTORS."

THE DISTRICT

The District ..... Bell County Municipal Utility District No. 2 (the "District"), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") effective July 23, 2014 (the "Creation Order"), and confirmed pursuant to an election held within for the District on November 4, 2014. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District also has road powers under Section 54.234 of the Texas Water Code. The District contains approximately 1,373 acres. See "THE DISTRICT – General."

Location ..... The District is located entirely within the extraterritorial jurisdiction of the City of Killeen, Texas ("Killeen" or the "City"), and is situated approximately four (4) miles south of the business district of the City and approximately one and one-half (1.5) miles east of State Highway 195 ("SH 195"). Access to the District from the City is provided by SH 195 south to Chaparral Road and entering on the north end or via SH 195 to Farm-to-Market Road 2484 ("FM 2484") to Live Oak Cemetery Road and entering on the south end. The central and eastern sections of the District are traversed by Rock Creek in a west-to-southernly direct. See "LOCATION MAP" and "THE DISTRICT – Location."

The Developer Entities..... The land within the District is being developed in phases as the Turnbo Ranch project by separate series limited liability companies of WBW Development Group, LLC, a Texas series limited liability company owned and controlled by Bruce Whitis, and WBW Single Development Group, LLC, a Texas series limited liability company, also owned and controlled by Bruce Whitis. The development entities historically or currently active within the District are WBW Development Group, LLC – Series 016 (Phases I, II, and III), WBW Development Group, LLC – Series 045 (Phase IV), WBW Single Development Group, LLC – Series 145 (Phases V, VI, and Amenities), WBW Land Investments LP, Whitis Land Fund LLC, WBW Land Investments LP et al, and Whitis Land Investments, Ltd., which are collectively referred to herein as the "Developer Entities." See "THE DEVELOPER ENTITIES" and "THE DISTRICT – Historical and Current Status of Development."

..... Neither the Developer, nor any member, owner, shareholder, officer, general partner, parent, or affiliate thereof, is responsible for or has made any commitment for payment of the Bonds or other obligations of the District. None of the aforementioned entities has any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its respective property within the District, or any other assets, at any time. Further, the financial conditions of the aforesaid entities are subject to change at any time.

..... The Bonds are obligations of the District and are not obligations of the City, the County, the State, the Developer Entities (or any member, owner, shareholder, officer, general partner, parent, or affiliate of the Developer Entities), or any entity other than the District. See "THE DEVELOPER ENTITIES."

Status of Development ..... The District contains approximately 1,373 acres, of which approximately 1,295.65 acres are developable. As of September 1, 2026, approximately 328.09 acres have been developed with utility facilities as the single-family residential subdivision Turnbo Ranch Phases I, II, III, IV, V, and VI, which encompass 989 single-family lots, 398 completed homes, 60 homes under construction, and 531 vacant single-family lots. See "THE DISTRICT – Historical and Current Status of Development."

Homebuilders ..... According to the Developer Entities, Continental Homes of Texas, LP ("Continental" or "D.R. Horton"), Stylecraft Builders, Inc., and Saratoga Homes of Texas LLC are currently the active homebuilders within the District. According to the Developer Entities, D.R. Horton's homes range in price from approximately $243,990 to $394,185, with square footage ranging between 1,263 and 1,873. According to the Developer Entities, Stylecraft Builders, Inc.'s homes range in price from approximately $259,900 to $317,900, with square footage ranging between 1,266 and 2,103. According to the Developer Entities, Saratoga Homes' homes range in price from approximately $299,950 to $394,950, with square footage ranging between 1,400 and 2,453. See "THE DEVELOPER ENTITIES – Homebuilders within the District."

THE BONDS

Description	The Bonds in the aggregate principal amount of $3,050,000 mature serially in varying amounts on September 1 of each year from 2027 through 2051, inclusive, as set forth on the inside cover page hereof unless the Initial Purchaser elects to designate some maturities as Term Bonds. Interest accrues from the Date of Initial Delivery (anticipated to be on or around November 30, 2026) at the rates per annum set forth on the inside cover page hereof and is payable March 1, 2027 and each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS - General Description."
Redemption	The District reserves the right to redeem, prior to maturity, in integral multiples of $5,000, those Bonds maturing on and after September 1, 2033, in whole or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds may also be subject to mandatory sinking fund redemption if the Initial Purchaser elects to aggregate two or more maturities as Term Bonds. See "THE BONDS - Redemption."
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 upon all taxable property within the District. See "TAXING PROCEDURES." **The Bonds are obligations solely of the District and are not obligations of the City of Killeen, Texas; Bell County, Texas; the State of Texas; or any entity other than the District.** See "THE BONDS - Source of and Security for Payment."
Payment Record	The Bonds constitute the third (3rd) installment of new money bonds issued by the District. The District has not defaulted in the timely payment of principal and interest on its outstanding obligations, entitled "$2,700,000 Unlimited Tax Bonds, Series 2025" and "$4,150,000 Unlimited Tax Bonds, Series 2026." The proceeds of the foregoing installments of unlimited tax new money bonds included up to twenty-four (24) months of capitalized interest. After the issuance of the Bonds, the District will have $9,900,000 aggregate principal amount of bonds outstanding (the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6."
Authority for Issuance	The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 4, 2014; the Creation Order; and an order adopted by the Board of Directors of the District on the date of the sale of the Bonds. See "THE BONDS - Authority for Issuance."
Use of Proceeds……	The proceeds of the Bonds will be used to finance the District's share of the following: (i) road improvements serving Turnbo Ranch Phase I; (ii) road improvements serving Turnbo Ranch Phase II; and (iii) engineering and testing fees associated with item (i). The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four (24) months' interest requirements on the Bonds; (ii) pay developer interest; and (iii) pay other costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Bonds Authorized But Unissued.....	At an election held within the District on November 4, 2014, the voters within the district authorized the issuance of unlimited tax road bonds for the purpose of acquiring or constructing road facilities and road improvements in an aggregate principal amount of $60,115,000. The Bonds constitute the first (1st) installment of new money unlimited tax bonds for the acquiring or constructing road facilities serving the District. After the issuance of the Bonds, the District will have $57,065,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for the acquisition and construction of road facilities. At the election held within the District on November 4, 2014, the voters within the District also approved the issuance of $177,795,000 aggregate principal amount of new money unlimited tax bonds for the acquisition and construction of water, wastewater, and drainage facilities serving the District. The District has previously issued $6,850,000 aggregate principal amount of unlimited tax bonds for the acquisition and construction of water, wastewater, and drainage facilities. The District has $170,945,000 aggregate principal amount of new money tax bonds that remain authorized but unissued for water, wastewater, and drainage facilities. Additionally, at the election held in the District on November 4, 2014, the voters within the District authorized the issuance of refunding bonds in an amount not to exceed one and one-half times the amount of water, wastewater, and drainage new money bonds issued by the District and one and one-half times the road improvement new money bonds issued by the District, all of which remains authorized but unissued. See "FINANCIAL STATEMENT - Outstanding Bonds – Table 6" and "THE BONDS – Issuance of Additional Debt."

Municipal Bond Rating and Bond Insurance.....	The District has applied for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds and has qualified for such insurance. The purchase of such insurance, if available, and the payment of all associated costs will be at the option and expense of the Initial Purchaser. The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such an application been made. See "RISK FACTORS – Bond Insurance Risks."
Qualified Tax-Exempt Obligations	The District expects to designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2026 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."
Bond Counsel and Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Austin, Texas
General Counsel	Armbrust & Brown, PLLC, Austin, Texas
Financial Advisor	Public Finance Group LLC, Austin, Texas
District Engineer	Jones-Heroy & Associates, Inc., Austin, Texas
Paying Agent / Registrar	UMB Bank, N.A., Austin, Texas

RISK FACTORS

The purchase and ownership of the Bonds involve certain investment considerations and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "RISK FACTORS," with respect to investment in the Bonds.

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SELECTED FINANCIAL INFORMATION
(Unaudited)

2026 Certified Assessed Valuation			$ 81,728,908	(a)
Estimated Assessed Valuation as of September 1, 2026			$ 136,600,000	(b)
Gross Debt Outstanding (after issuance of the Bonds)			$ 9,900,000	(c)
Ratio of Gross Debt to 2026 Certified Assessed Valuation			12.11%	
Ratio of Gross Debt to Estimated Assessed Valuation as of September 1, 2026			7.25%	
2026 Tax Rate				
Debt Service	$ 0.1765			
Maintenance	0.7345			
Total 2026 Tax Rate			$ 0.9110	(d)
Debt Service Fund Balance (August 25, 2026)			$ 237,198	(e)
Percentage of current tax collections (Tax Years 2018-2025)			99.92%	(f)
Percentage of total tax collections (Tax Years 2018-2025)			99.92%	(f)
Projected Average Annual Debt Service Requirement of the Bonds and Outstanding Bonds("Projected Average Requirement") (2026-2051, inclusive)			$ 677,803	(g)
Tax Rate required to pay Projected Average Requirement based upon 2026 Certified Assessed Valuationat 95% collections			$ 0.88	/$100 AV
Tax Rate required to pay Projected Average Requirement based upon the Estimated Assessed Valuation as of September 1, 2026 at 95% collections			$ 0.53	/$100 AV
Projected Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds ("Projected Maximum Requirement") (2050)			$ 745,200	(g)
Tax Rate required to pay Projected Average Requirement based upon 2026 Certified Assessed Valuationat 95% collections			$ 0.96	/$100 AV
Tax Rate required to pay Projected Maximum Requirement based upon the Estimated Assessed Valuation as of September 1, 2026 at 95% collections			$ 0.58	/$100 AV
Number of active connections as of September 1, 2026				
Single Family - Complete & Occupied		398		
Single Family - Builder & Vacant		60		
Total Number of Active Connections			**458**	
Estimated Population as of September 1, 2026			1,194	(h)

[Footnotes appear on the following page]

(a) The certified assessed valuation as of January 1, 2026, as provided by the Tax Appraisal District of Bell County ("BCAD"). See "TAXING PROCEDURES."
(b) The estimated assessed valuation as of September 1, 2026, as provided by BCAD, is included solely for purposes of illustration. No taxes shall be levied on such assessment unless it is certified by BCAD. See "TAXING PROCEDURES."
(c) Includes the Bonds.
(d) The District's Board, at its meeting in September 2026, levied a total tax rate of $0.9110. See "TAXING PROCEDURES."
(e) Unaudited as of August 25, 2026. Does not include approximately twenty-four (24) months of capitalized interest ($305,000 at an assumed interest rate of 5.00%) which is projected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the District's Debt Service Fund.
(f) See "TAX DATA – Tax Collections – Table 10."
(g) See "PROJECTED DEBT SERVICE REQUIREMENTS SCHEDULE – TABLE 3."
(h) Based upon 3.0 residents per completed and occupied single family home.

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OFFICIAL STATEMENT
relating to

$3,050,000
BELL COUNTY MUNICIPAL UTILITY DISTRICT No. 2
(A Political Subdivision of the State of Texas Located in Bell County, Texas)
UNLIMITED TAX ROAD BONDS, SERIES 2026A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Bell County Municipal Utility District No. 2 (the "District"), a political subdivision of the State of Texas (the "State"), of its $3,050,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds").

The Bonds are issued pursuant to an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Order"); Article III, Section 52 of the Constitution, and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; and a bond election held within the District on November 4, 2014.

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas, 78701 or from the District's Financial Advisor, Public Finance Group LLC, P O Box 81849, Austin, Texas, 78708, upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted by the Initial Purchaser to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District undertaking to provide certain information on a continuing basis.

THE BONDS

General Description

The Bonds will bear interest from the Date of Initial Delivery (anticipated to be on or around November 30, 2026) and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2027 and each September 1 and March 1 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar").

Redemption

Optional Redemption… The District reserves the right to redeem, prior to maturity, in integral multiples of $5,000, those Bonds maturing on and after September 1, 2033, in whole or from time to time in part, on September 1, 2032, or on any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Mandatory Sinking Fund Redemption…. In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1, ____ and September 1, ____ (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity by lot in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

$_____ Term Bond Maturing September 1, ___*	
Mandatory Redemption Date	Principal Amount

$_____ Term Bond Maturing September 1, ___*	
Mandatory Redemption Date	Principal Amount

*Stated Maturity

The principal amount of the Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed has been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Selection of Bonds for Redemption

If less than all of the Bonds are called for redemption, the particular Bonds, or portions thereof, or sinking fund installments in the case of Term Bonds, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment in the case of Term Bonds, is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity or sinking fund installment to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of $5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate, and such sinking fund installment in the case of Term Bonds shall be selected in accordance with the arrangements between the District and the securities depository.

DTC Redemption Provision

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of optional redemption, notice of proposed amendment to the Bond Order, or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants, or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Termination of Book-Entry-Only System

The District is initially utilizing the book-entry-only system of DTC ("Book-Entry-Only-System"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by a registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds falls on a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

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

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

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

Authority for Issuance

At an election held within the District on November 4, 2014, the voters within the district authorized the issuance of unlimited tax road bonds for the purpose of acquiring or constructing road facilities and road improvements in an aggregate principal amount of $60,115,000. The Bonds constitute the first (1st) installment of new money unlimited tax bonds for the acquiring or constructing road facilities serving the District. After the issuance of the Bonds, the District will have $57,065,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for the acquisition and construction of road facilities. At the election held within the District on November 4, 2014, the voters within the District also approved the issuance of $177,795,000 aggregate principal amount of new money unlimited tax bonds for the acquisition and construction of water, wastewater, and drainage facilities serving the District. The District has previously issued $6,850,000 aggregate principal amount of unlimited tax bonds for the acquisition and construction of water, wastewater, and drainage facilities. The District has $170,945,000 aggregate principal amount of new money tax bonds that remain authorized but unissued for water, wastewater, and drainage facilities. Additionally, at the election held in the District on November 4, 2014, the voters within the District authorized the issuance of refunding bonds in an amount not to exceed one and one-half times the amount of water, wastewater, and drainage new money bonds issued by the District and one and one-half times the road improvement new money bonds issued by the District, all of which remains authorized but unissued.

The Bonds are issued pursuant to the terms and provisions of the Bond Order, Chapters 49 and 54 of the Texas Water Code, as amended, and Article IIII, Section 52 of the Texas Constitution.

Source of and Security for Payment

The Bonds will be payable from and secured by a pledge of 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 Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if the City annexes and dissolves the District and assumes all debts and liabilities of the District. See "THE BONDS – Annexation."

The Bonds are obligations solely of the District and are not obligations of the City; Bell County, Texas; the State of Texas; or any political subdivision or entity other than the District.

Payment Record

The Bonds constitute the third (3rd) installment of new money bonds issued by the District. The District has not defaulted in the timely payment of principal and interest on its obligations entitled, "$2,700,000 Unlimited Tax Bonds, Series 2025" and "$4,150,000 Unlimited Tax Bonds, Series 2026," the proceeds of which included up to twenty-four (24) months of capitalized interest. After the issuance of the Bonds, the District will have $9,900,000 aggregate principal amount of bonds outstanding (the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6."

Flow of Funds

The Bond Order creates a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart on the books and records of the District from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owners of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of the State of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund… The Bond Order creates the establishment of the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds and the Outstanding Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) the amount received from proceeds of the Bonds representing capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect to) the Bonds and Outstanding Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to the Paying Agent when due.

Capital Projects Fund… The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds, and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct road facilities, then in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by the initial Paying Agent/Registrar, UMB Bank, N.A., having an office for payment in Austin, Texas. Any Paying Agent must be either a bank, trust company, financial institution, or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination, and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar, will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

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Defeasance of Outstanding Bonds

General . . .The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order and the District will have no further responsibility with respect to the payment of such Defeased Bonds, including any insufficiency to receive payments when due on the Defeased Securities.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable 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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iv) any other then-authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

Retention of Rights . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments . . . Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

Record Date

The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

Issuance of Additional Debt

The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ, if applicable, and, in the case of bonds payable from taxes, the District's voters. See "THE BONDS – Authority for Issuance" for details regarding authorized but unissued Bonds of the District. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security for 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 which it may issue. The issuance of additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds and the limitations set forth in the Development Agreement as more fully discussed under the heading "THE DISTRICT – Development Agreement with the City of Killeen." In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Texas Water Code, bonds, notes, or other obligations issued by a municipal utility 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." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes, or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256, as amended) ("PFIA"), the bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "MUNICIPAL BOND RATING AND INSURANCE."

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations, or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to evaluate carefully the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Specific Tax Covenants

In the Bond Order, the District covenants with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District additionally covenants in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules, and regulations and open to inspection in the office of the District.

Remedies in Event of Default

The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. 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. The Bond Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would

have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. vs. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("*Wasson II*", and together with Wasson I, "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are performed under the authority, or for the benefit, of the State as a sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated on the facts and circumstances surrounding the contract in question. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be 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. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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 water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

Annexation

The District is located entirely within the extraterritorial jurisdiction of the City. Under Texas law, a municipality may annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Local Government Code ("Chapter 43"). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of September 1, 2026, the District had an estimated population of 1,194, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the district.

If a municipal utility district is full purpose annexed, the municipality must assume the assets, functions, and obligations of the district, including outstanding bonds, and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution of the District or the ability of the City to make debt service payments on the Bonds should dissolution occur. See "THE BONDS – Source of and Security for Payment."

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (i) upon satisfying certain conditions, annex additional territory; and (ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied, including the District's simultaneous annexation of land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the City (with respect to the annexation component of the substitution). No

representation is made concerning the likelihood that the District will effect any change in its boundaries.

Approval of the Bonds

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

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on the 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 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Financial Advisor takes any responsibility for the accuracy thereof.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the District's share of the following: (i) road improvements serving Turnbo Ranch Phase I; (ii) road improvements serving Turnbo Ranch Phase II; and (iii) engineering and testing fees associated with item (i). The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four (24) months' interest requirements on the Bonds; (ii) pay developer interest; and (iii) pay other costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, $2,119,263 is estimated to be required for construction costs, and $930,737 is estimated to be required for non-construction costs, including $305,000 of capitalized interest (approximately twenty-four (24) months' interest estimated at 5.00%).

Construction Costs	
1. Turnbo Ranch Phase I Road Improvements	$ 1,027,054
2. Turnbo Ranch Phase II Road Improvements	940,400
3. Engineering and Testing (14.8% of item no. 1)	151,809
Total Construction Costs	**$ 2,119,263**
Non-Construction Costs	
A. Legal Fees (1.5%)	$ 45,750
B. Bond Counsel Fees (1.5%)	45,750
C. Fiscal Agent Fees (2.5%)	76,250
D. Interest	
1. Capitalized Interest (2 years @ 5.00%)	305,000
2. Developer Interest [(a)]	304,893
E. Bond Discount (3%)	91,500
F. Bond Issuance Expenses	43,294
G. Bond Enginnering Fee	15,250
H. Attorney General Fee (0.10%)	3,050
Total Non-Construction Costs	**$ 930,737**
TOTAL BOND ISSUE REQUIREMENT	**$ 3,050,000**

(a) Preliminary; subject to change. The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the City of Killeen, Texas; Bell County, Texas; the State of Texas; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Source of and Security for Payment."

The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by 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 property within the District will occur or that the development in the District will maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "RISK FACTORS - Registered Owners' Remedies."

Factors Affecting Taxable Values and Tax Payments

Economic Factors, Interest Rates, Credit Availability, and Residential Foreclosures: A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the economic prosperity and demographic characteristics of the urban centers toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District.

Competition: The demand for single-family homes in the District could be affected by competition from other residential developments, including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Killeen that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of developers in the sale of developed lots and of homebuilders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position is directly related to 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 Developer Entities will be implemented or, if implemented, will be successful.

Developer Entities under No Obligation to the District: There is no commitment from, or obligation of, any of the Developer Entities to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer Entities and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See "THE DEVELOPER ENTITIES" and "TAX DATA - Principal Taxpayers – Table 12."

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently existing 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 Assessed Valuation of the District is $81,728,908. After issuance of the Bonds, the Projected Maximum Requirement will be $745,200 (2050) and the Projected Average Requirement will be $677,803 (2026 through 2051, inclusive). Assuming (1) no increase or decrease from the 2026 Certified Assessed Valuation; (2) the issuance of no additional debt; and (3) no other funds available for the payment of debt service, tax rates of $0.96 and $0.88 per $100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. The District's Estimated Assessed Valuation as of September 1, 2026, is $136,600,000. Based upon the assumptions above and the Estimated Assessed Valuation as of September 1, 2026, tax rates of $0.58 and $0.53 per $100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. See "PROJECTED DEBT SERVICE REQUIREMENTS SCHEDULE – TABLE 3" and "TAX DATA - Tax Adequacy for Debt Service."

Dependence Upon the Developer Entities, Lot Owners, and Homebuilders: The growth of the tax base is dependent upon additional development of lots in the District and the construction of homes thereon. The Developer Entities, which are limited purpose entities formed and capitalized primarily for the purpose of owning or developing land within the District, are under no obligation to continue to market, or

improve, or to develop tracts of land. Thus, the furnishing of information related to the proposed development by the Developer Entities should not be interpreted as such a commitment by the Developer Entities. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer Entities, or any other subsequent landowner to whom such parties may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer Entities' right to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances or regulations may have on any plans of the Developer Entities. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer Entities to develop their land would restrict the rate of growth of taxable value in the District. See "THE DEVELOPER ENTITIES."

Based on the District's 2026 Certified Asssessed Valuation, the top ten principal taxpayers in the District, WBW Land Investment LP, Continental Homes of Texas LP, Stylecreaft Central Texas, LP, Saratoga Homes of Texas Austin LLC, WBW Development Group LLC – Series 016, JNC Developing Inc., WBW Single Development Group LLC – Series 145, Whitis Land Fund LLC, Oncor Electric Delivery Company LLC, and individual homeowners, represent a combined $17,593,668 or 21.5358.12% of the District's 2026 Certified Assessed Valuation of $81,728,908. If these or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax 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 an excessive District 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. See "Tax Collection Limitations and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers – Table 12," and "TAXING PROCEDURES – Levy and Collection of Taxes."

Development and Home Construction in the District . . . As of September 1, 2026, approximately 531 developed lots within the District remained available for construction. Failure of the Developer Entities and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. See "*Maximum Impact on District Tax Rates*" above.

Increases in Costs of Building Materials and Labor Shortages

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 developer 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 developer or homebuilders.

No Requirement to Build on Developed Lots

Currently, there is no requirement that builders owning developed lots within the District commence or complete construction of improvements within any particular time period. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the District.

Tax Collections and Foreclosure Remedies

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

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws

relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

Marketability

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of State 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 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (i) is specifically authorized to file for federal bankruptcy protection by applicable state law, (ii) is insolvent or unable to meet its debts as they mature, (iii) desires to effect a plan to adjust such debts, and (iv) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under State law a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under Federal bankruptcy law only if such district has fully exercised its rights and powers under State law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with State law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A Federal bankruptcy court is a court of equity and Federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owners' 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 a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district. A district may not be forced into bankruptcy involuntarily.

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

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

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

To the extent that the FDIC attempts to enforce FIRREA, the provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

Continuing Compliance with Certain Covenants

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

Future Debt

As of September 1, 2026, approximately 328.09 acres of land within the District have been developed or are currently under construction with utility facilities by the Developer Entities. According to information obtained by Jones-Heroy & Associates, Inc. (the "District Engineer"), the Developer Entities have advanced approximately $6,549,350 in construction costs for road improvements, of which approximately $4,431,027 will remain owing to the Developer Entities after the issuance of the Bonds. In addition, the Developer Entities have advanced approximately $15,042,394 in construction costs for water, wastewater, and drainage facilities serving the District, of which approximately $7,978,883 remain owed to the Developer Entities.

Therefore, the Developer Entities are owed additional funds with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate) see "THE DEVELOPER ENTITIES – Utility Construction Agreements." The District does not employ any formula with respect to assessed valuations, tax collections, or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds (and the limitations set forth in the Development Agreement). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS – Issuance of Additional Debt."

The District has reserved in the Bond Order the right to issue the remaining authorized but unissued bonds approved by the voters. See "THE BONDS – Authority for Issuance." All of the remaining unlimited tax bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas and the TCEQ (when applicable), and the limitations set forth in the Development Agreement. See "THE DISTRICT – Development Agreement with the City of Killeen."

Governmental Approval

The Attorney General of the State of Texas must approve the legality of the Bonds prior to their delivery.

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

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competition, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Drought Conditions

Central Texas, like other areas of the State, is susceptible to drought conditions. The City provides water to the District in amounts sufficient to service the residents of the District; however, if the area experiences drought conditions, water usage and rates could be impacted.

Storm Water

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim flood plain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the flood plain. See "THE SYSTEM – 100-Year-Flood Plain."

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as widespread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed valuation of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rate.

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

Environmental Regulation

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

1. Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
2. Restricting the manner in which wastes are released into the air, water, or soils;
3. Restricting or regulating the use of wetlands or other property;
4. Requiring remedial action to prevent or mitigate pollution; and
5. Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing, and operating water production and wastewater treatment facilities. Sanctions against a water 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 as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the Environmental Protection Agency's ("EPA") National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The 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. Should the District become subject to the MS4 Permit, ongoing compliance could require the District to 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, like 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 also 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 and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts,like the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Future and Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

State Legislative Changes

The Texas Legislature convenes in regular session for 140 days on the second Tuesday in January of odd numbered years. Thereafter, the Governor may call one or more special sessions. During this time, the Texas legislature may enact laws that materially change current law as it relates to the District.

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.

Bond Insurance Risks

The District has applied for a bond insurance policy to guarantee the scheduled payment of the principal of and interest on the Bonds, when due. The purchase of bond insurance, if available, will be at the option and expense of the Initial Purchaser. If a bond insurance policy is purchased by the Initial Purchaser, provided below are risk factors relating to bond insurance.

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

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

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

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

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

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

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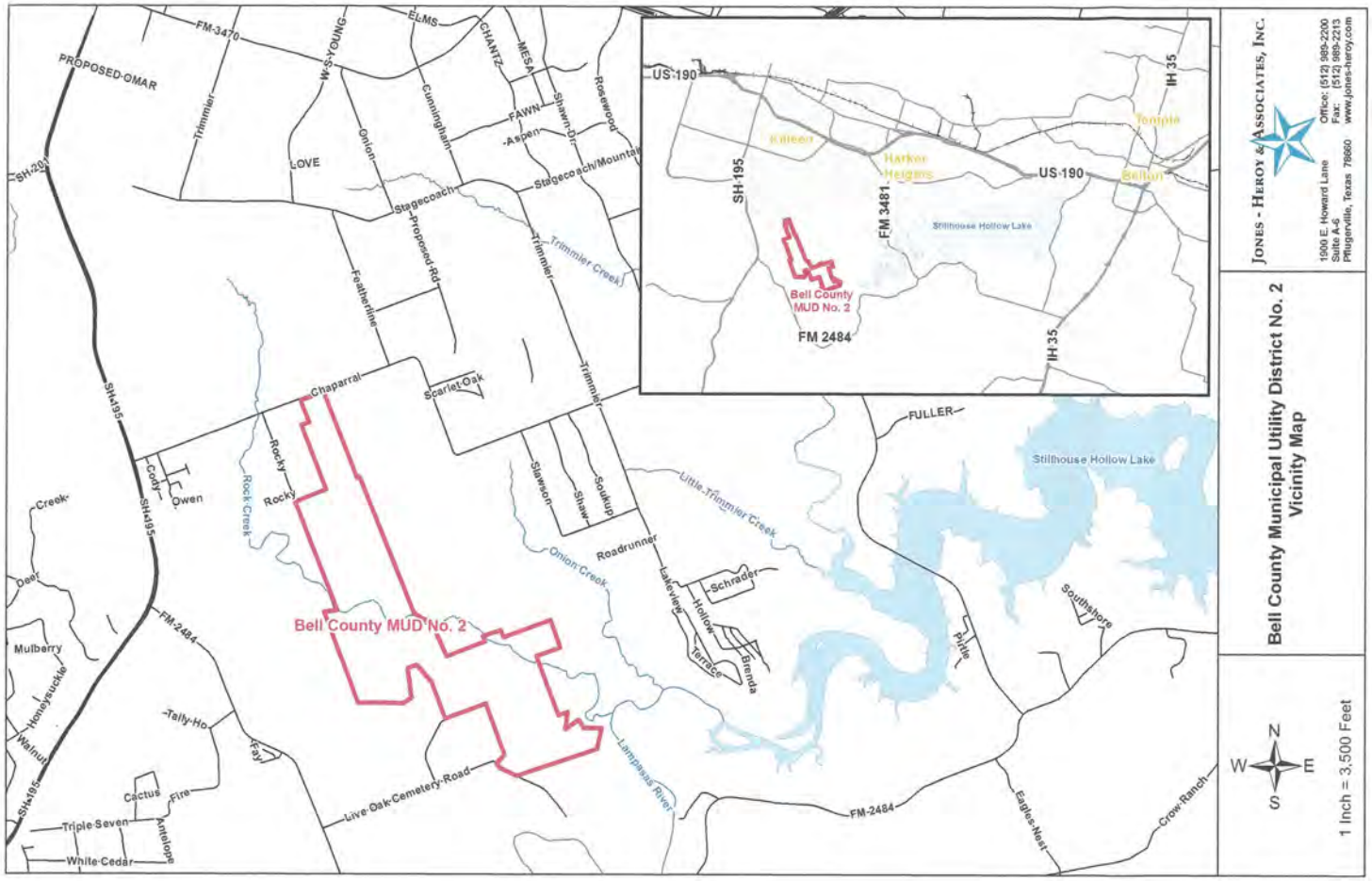
LOCATION MAP



THE DISTRICT

General

The District was created by order of the TCEQ, effective July 23, 2014, confirmed pursuant to an election held within the District on November 4, 2014, and operates under Chapters 49 and 54, Texas Water Code, as amended.

The District was created to provide water, wastewater, and drainage services to the property within the District currently being developed as a single-family development. The District also has road powers under Section 54.234 of the Texas Water Code. The District has entered into reimbursement agreements with WBW Land Investments, LP, one of the Developer Entities, in order to facilitate the construction of water, wastewater, and drainage facilities and road improvements to serve property within its boundary.

At the time of creation, the District contained approximately 1,373 acres of land. Since the creation of the District, there have been no exclusions or annexations of land, and the District currently contains approximately 1,373 acres.

Management

Board of Directors

The District is governed by a board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years, with elections held within the District in November in each even-numbered year. All of the directors own property in the District.

Name	Title	Term Expires
Otis Evans	President	2028
Miguel Diaz	Vice President	2030
Jason Dewald	Secretary	2030
Cheyanne Ramsay	Assistant Secretary	2030
Vacant	Assistant Secretary	2028

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Tax Appraisal District of Bell County ("BCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Bell County Tax Assessor/Collector, Mr. Shay Luedeke, currently serves the District in this capacity under contract.

District Engineer

The District's consulting engineer is Jones-Heroy & Associates, Inc. (the "District Engineer"). Such firm serves as consulting engineer to approximately 132 other special districts.

Bookkeeper

Bott & Douthitt, PLLC, certified public accountants, serves as bookkeeper to the District. Such firm serves as bookkeeper to approximately 150 other special districts.

Auditor

McCall Gibson Swedlund Barfoot Ellis PLLC, certified public accountants, serves as the auditor to the District. Such firm serves as auditor to approximately 754 special districts. The District's financial statements for the fiscal year ending September 30, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, which audited financial statements are attached hereto as "APPENDIX A."

Financial Advisor

Public Finance Group LLC serves as the District's financial advisor (the "Financial Advisor"). The Financial Advisor's fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold, and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Bond Counsel and Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Bond Counsel and Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

General Counsel

The District employs Armbrust & Brown, PLLC ("A&B") as General Counsel. Fees paid to A&B for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

Location

The District is located entirely within the extraterritorial jurisdiction of the City of Killeen, Texas ("Killeen" or the "City"), and situated approximately four (4) miles south of the central business district of the City and approximately one and one-half (1.5) miles east of State Highway 195 ("SH 195") in western Bell County, Texas. Access to the District is provided by SH195 south to Chaparral Road and entering on the north end or via SH1 195 to Farm-to-Market Road 2484 to Live Oak Cemetery Road and entering on the south end. The central and eastern sections of the District are traversed by Rock Creek in a west-to-southeasterly direction.

Historical and Current Status of Development

The District, as originally created, contained approximately 1,373 acres. Since the creation of the District, there have been no exclusions or annexations of land. The District was created by order of the Commission effective July 23, 2014, and confirmed pursuant to an election held within the District on November 4, 2014.

The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District also has road powers under Section 54.234 of the Texas Water Code.

As of September 1 2026, the Developer Entities have completed the development of utility facilities serving approximately 328.09 of the 1,373 acres within the District, developed as Turnbo Ranch Phase I (67.38 acres; platted as 184 single-family lots), Turnbo Ranch Phase II (71.80 acres; platted as 149 single-family lots), Turnbo Ranch Phase III (15.69 acres; platted as 77 single-family lots), Turnbo Ranch Phase IV (60.50 acres; platted as 192 single-family lots), Turnbo Ranch Phase V (35.366 acres; platted as 148 single-family lots), and Turnbo Ranch Phase VI (77.35 acres; platted as 239 single-family lots). According to the Developer Entities, currently, 398 single-family home lots have been completed.

The following chart reflects the status of development as of September 1, 2026:

Section	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
A. Single Family Developed with Utility Facilities					
Turnbo Ranch Phase I	67.38	184	149	2	33
Turnbo Ranch Phase II	71.80	149	109	18	22
Turnbo Ranch Phase III	15.69	77	59	4	14
Turnbo Ranch Phase IV	60.50	192	-	-	192
Turnbo Ranch Phase V	35.37	148	81	8	59
Turnbo Ranch Phase VI	77.35	239	-	28	211
Total Single Family Developed with Utilities	**328.09**	**989**	**398**	**60**	**531**
B. Remaining Developable Acreage	**1,030.91**				
C. Undevelopable Acreage	**14.00**				
`					
Total District Acreage	**1,373.00**				

Future Development

The instigation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect the ability to sell lots and/or property and of any homebuilder to sell completed homes as described in this Official Statement under the caption "RISK FACTORS." If the undeveloped portion of the District is eventually developed, additions to the water, wastewater, and drainage system required to service such undeveloped acreage may be financed by future District bond issues, if any, and developer contributions, if any, as required by the TCEQ. The District's Engineer estimates that the $170,945,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued should be sufficient to reimburse the Developer Entities for the existing utility facilities and provide utility service to the remaining undeveloped but potentially developable acres within the District. See "THE BONDS – Issuance of Additional Debt." The Developer Entities are under no obligation to

complete any development, if begun, and may modify or discontinue development plans in their sole discretion. Accordingly, the District makes no representation that future development will occur.

Development Agreement with the City of Killeen

The District lies within the extraterritorial jurisdiction of the City. The City and WBW Land Investments, LP, one of the Developer Entities, entered into a "Consent and Development Agreement" dated effective August 8, 2013, as amended by the "First Amendment to the Consent and Development Agreement" dated February 17, 2016, (as amended, the "Development Agreement"), which, among other things, memorialized the City's consent to the creation of the District, specified the development standards applicable to development of the lands within the District, and set forth certain terms and conditions governing the construction, financing, operation, maintenance, and ownership of the water, wastewater, drainage, and roadway improvements serving the property within the District. The District joined in the Development Agreement upon voter consent to creation on November 4, 2014. The Development Agreement provides that (a) the City will provide retail water and wastewater service to residents in the District at rates and fees charged for in-City service, as determined from time to time by the City; (b) that the water and wastewater facilities constructed by the Developer on behalf of the District to serve residents in the District will be conveyed to the City (through or on behalf of the District) subject to the City's obligation to provide service to the District, a reservation of capacity for the benefit of the District, and the Developer's right to reimbursement from the District; and (c) that the drainage facilities constructed by the Developer on behalf of the District to serve residents in the District will be conveyed to the District for operation and maintenance.

Pursuant to the Development Agreement, the City has agreed not to annex or dissolve the District until (i) 100% by dollar amount of the total road, water, wastewater, and drainage facilities for which District bonds may be authorized have been constructed; and (ii) the Developer has been fully reimbursed by the District in accordance with TCEQ rules (or the City has expressly assumed the obligation to reimburse the Developer for such facilities at the time of annexation). The term of the Development Agreement continues for fifteen (15) years from the effective date of August 18, 2013 and may be extended for up to two successive 15-year periods.

THE DEVELOPER ENTITIES

Role of Developer

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

Description of the Developer Entities

The land within the District is being developed in phases as the Turnbo Ranch project by separate series limited liability companies of WBW Development Group, LLC, a Texas series limited liability company, owned and controlled by Bruce Whitis, and WBW Single Development Group, LLC, a Texas series limited liability company, also owned and controlled by Bruce Whitis. The development entities historically or currently active within the District are WBW Development Group, LLC – Series 016 (Phases I, II, and III), WBW Development Group, LLC – Series 045 (Phase IV), WBW Single Development Group, LLC – Series 145 (Phases V, VI, and Amenities), WBW Land Investments LP, Whitis Land Fund LLC, WBW Land Investments LP et al, and Whitis Land Investments, Ltd., which are collectively referred to herein as the "Developer Entities." See "THE DEVELOPER ENTITIES" and "THE DISTRICT – Historical and Current Status of Development."

Neither the Developer, nor any member, owner, shareholder, officer, general partner, parent, or affiliate thereof, is responsible for, liable for, or has made any commitment for payment of the Bonds or other obligations of the District. None of the aforementioned entities has any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its respective property within the District, or any other assets, at any time. Further, the financial conditions of the aforesaid entities are subject to change at any time. The Developer Entities are limited purpose entities formed and capitalized primarily for the purpose of owning or developing land within the District. The Developer Entities are thinly capitalized entities with limited net revenues.

The Developer Entities are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District. The Developer Entities have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. Further, the Developer Entities' financial condition is subject to change at any time.

Acquisition and Development Financing

In the early 2000's, WBW Land Investments LP, one of the Developer Entities, purchased multiple tracts of land that comprise the entire acreage within the District (approximately 1,373 acres) with equity-financed cash.

The Developer Entities are developing the property within the District, in phases, as single-family lots, which in turn, will be sold to homebuilders on which single-family homes will be constructed. As of July 31, 2025, the Developer Entities have developed and completed utility facilities and platted single-family lots as described more fully under "THE DISTRICT – Historical and Current Status of Development." See "THE DISTRICT – Historical and Current Status of Development" and "THE DEVELOPER – Homebuilders within the District." According to the Developer Entities, the development of Phases I, II, III, IV, V, and VI were all financed with equity-financed cash.

Homebuilders within the District

According to the Developer Entities, Continental Homes of Texas, LP ("Continental" or "D.R. Horton"), Stylecraft Builders, Inc., and Saratoga Homes of Texas LLC are currently the active homebuilders within the District. According to the Developer Entities, D.R. Horton's homes range in price from approximately $243,990 to $394,185, with square footage ranging between 1,263 and 1,873. According to the Developer Entities, Stylecraft Builders, Inc.'s homes range in price from approximately $259,900 to $317,900, with square footage ranging between 1,266 and 2,103. According to the Developer Entities, Saratoga Homes' homes range in price from approximately $299,950 to $394,950, with square footage ranging between 1,400 and 2,453.

Home construction in the District began in 2023. The following chart illustrates the number of homes built per year starting in 2023.

Calendar Year	No. of Single-Family/ Condominium Homes Constructed
2023	21
2024	36
2025	212
2026	129*

* As of September 1, 2026, approximately 69 single-family homes completed, and 60 single-family homes were under construction.

Utility Construction Agreements

The District has entered into reimbursement agreements with WBW Land Investments, LP, one of the Developer Entities, governing the development of water, wastewater, and drainage facilities and road improvements serving the land within the District and the reimbursement of certain costs of such developments through the issuance of bonds by the District. It is anticipated that WBW Land Investments, LP's interest under these agreements or right to reimbursement thereunder will be partially assigned to the applicable Developer Entity that performed the development work in connection with reimbursements.

Agricultural Waiver

A portion of the undeveloped acreage within the District is subject to an agricultural exemption; however, WBW Land Investments, LP has executed agreements, which are recorded in the real property records of Bell County, and are covenants running with the land, waiving the right to have the land located within the District classified as agricultural, open-space, or timberland. In addition, WBW Land Investments, LP has waived the right to have the lots and houses (if any) classified as business inventory. Such agreements may not be modified without the approval of the TCEQ and are binding on purchasers of the land within the District. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

THE SYSTEM

Regulation

The water, wastewater, and storm drainage facilities (the "System"), the purchase, acquisition, and construction of which will be permanently financed by the District with the proceeds of new money bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ, Bell County, and the City. According to the District Engineer, the design of all such facilities has been approved by all governmental agencies which have authority over the District.

Operation of the waterworks and wastewater facilities serving the District is subject to regulation by, among others, the EPA and the TCEQ. The rules and regulations promulgated by these agencies change periodically and are subject to further development and revision. The TCEQ makes annual inspections of the water and wastewater systems to assure compliance with its rules.

Water Supply and Distribution

Pursuant to the Development Agreement, the City is the retail provider of water service, and will provide continuous and adequate water service in quantities sufficient to meet the ultimate needs of the District at the rates and fee charged for in-city service, as determined by time to time by the City. Water supply for the City is surface water sourced from Lake Belton via purchase through Bell County Water Control and Improvement District No. 1 ("WCID 1") and is treated at WCID 1's treatment plant before being delivered to the City. The City's water facilities system is sufficient to deliver water service to its retail customers. The City delivers potable water to the District via an offsite water transmission main on the east side of the District's boundary.

Pursuant to the Development Agreement, the City will construct an additional ground storage tank within the District's boundaries in the future in order to serve the full build-out within the District. The District will be required to pay one-half of the design and construction costs of the tank, up to a maximum of $1,250,000 as a contractual capacity charge. Per the Development Agreement, the City may not charge a water impact fee for connecting to the City's water system; however, tap and meter fees are assessed by the City. Additionally, the District causes ownership of the District's water facilities (both internal and offsite) to be conveyed to the City at the time such facilities are purchased from the Developer Entities.

Wastewater Collection and Treatment

Pursuant to the Development Agreement, the City is the retail provider of wastewater service, and is required to provide continuous and adequate wastewater service in quantities sufficient to meet the ultimate needs of the District. The City will charge District residents wastewater rates and fees at in-city rates. Wastewater treatment for the City is provided by WCID 1, which owns the WCID 1 Wastewater Treatment Plant No. 3, which has a current permitted capacity of 6 MGD (Permit No. WQ0014387001). District wastewater is collected internally and is conveyed to the Turnbo Ranch Lift Station. The lift station pumps the wastewater northward via a force main which ties into a City owned wastewater interceptor off of Chapparal Road and ultimately leads to the WCID 1 Wastewater Treatment Plant No. 3. Per the Development Agreement, the City will not charge a wastewater impact fee for connecting to the City's wastewater system. The District causes ownership of its wastewater facilities (both internal and offsite) to be conveyed to the City at the time such facilities are purchased from the Developer Entities.

Storm Drainage

The storm drainage system that serves the District consists of curb and guttered streets where it enters into and is distributed by an underground storm sewer pipe system and channels. The drainage system outfalls into creek beds or ravines which lead to the Lampasas River on the District's southern boundary.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official may 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 rainstorm of such intensity to statistically have a one percent (1%) 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.

According to the District Engineer, approximately 48 acres within the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map Nos. 48027C0500E and 48027C0290E for Bell County, Texas, dated September 26, 2008. No lots are developed nor are any expected to be developed on the 48 acres that are located within the boundary of the 100-year Flood Plain.

In 2018, the National Weather Service completed a rainfall study known as NOAA, Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14") which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular, the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Bell County, are contemplating amendments to their regulations that will potentially increase the size of the 100-year flood plain which interim flood plain is based on the current 500-year flood plain, resulting in interim flood plain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the flood plain). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could mean higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the flood plain.

Water, Wastewater, and Drainage Operations - Rate and Fee Schedule - Table 1

The City provides retail water and wastewater services to residents within the District and is responsible for establishing the rates and fees charged for those services. The rates and fees charged by the City for retail water and wastewater service are published and updated from time to time by Killeen on its official website. **The rates and charges established by the City are not financial and operating data of the District and will not be updated by the District annually as part of the District's continuing disclosure undertaking.**

Operating Revenues and Expenses Statement - Table 2

The following statement sets forth in condensed form the historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records. Reference is made to such statements for further and more complete information. Also see "Appendix A – Audited Financial Statements."

	Fiscal Year End				
	6/30/2026[a]	**9/30/2025[b]**	**9/30/2024[b]**	**9/30/2023[b]**	**9/30/2022[b]**
REVENUES					
Property taxes, including penalties	$ 308,166	$ 96,905	$ 43,266	$ 42,924	$ 51,028
Interest	6,812	-	-	-	-
Developer Advance	-	-	-	-	-
Other	-	4,349	4,270	620	-
TOTAL REVENUES	**$ 314,979**	**$ 101,254**	**$ 47,536**	**$ 43,544**	**$ 51,028**
EXPENDITURES					
Director Fees, including payroll	$ -	$ -	$ -	$ -	$ -
Tax Appraisal/Collection Fees	3,067	1,104	461	415	601
Legal Fees	34,087	28,372	17,678	13,468	12,787
Bookkeeping Fees	18,588	14,487	4,725	3,925	3,400
Engineering Fees	22,139	14,989	18,568	18,472	7,261
Financial Advisor Fees	3,375	3,300	1,810	980	980
Audit Fees	11,250	10,750	-	-	-
Insurance	643	4,923	2,404	3,524	1,665
Legal Notices	669	-	-	-	-
Other	102	920	667	630	640
TOTAL EXPENDITURES	**$ 93,920**	**$ 78,845**	**$ 46,313**	**$ 41,414**	**$ 27,334**
NET REVENUES (DEFICIT)	**$ 221,059**	**$ 22,409**	**$ 1,223**	**$ 2,130**	**$ 23,694**
Beginning Fund Balance	**$ 77,425**	**$ 55,016**	**$ 53,793**	**$ 51,663**	**$ 27,969**
Developer Advance	-	-	-	-	-
Plus / (Less): Fund Transfers	-	-	-	-	-
Ending Fund Balance	**$ 298,484**	**$ 77,425**	**$ 55,016**	**$ 53,793**	**$ 51,663**

(a) Unaudited as of June 30, 2026. Represents nine (9) months of the District's current fiscal year.
(b) Audited.

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PROJECTED DEBT SERVICE REQUIREMENTS –TABLE 3

Bell County Municipal Utility District No. 2
$3,050,000
Unlimited Tax Road Bonds, Series 2026A
Dated Date: November 17, 2026
First Interest Payment Due: March 1, 2027

Year	Outstanding Bonds				The Bonds					Projected
Ending	Principal	Interest			Principal	Interest *			Principal	Total
31-Dec	Due (09/01)	Due (03/01)	Due (09/01)	Total	(Due 9/01)	(Due 3/01)	(Due 9/01)	Total	and Interest	Debt Service Requirements
2026	$ -	$ 44,625	$ 44,625	$ 89,250	$ -	$ -	$ -	$ -	$ -	$ 89,250
2027	25,000	165,219	161,922	352,141	25,000	52,528	76,250	128,778	153,778	505,919
2028	30,000	161,141	161,141	352,281	25,000	75,625	75,625	151,250	176,250	528,531
2029	30,000	160,209	160,209	350,419	25,000	75,000	75,000	150,000	175,000	525,419
2030	30,000	159,278	159,278	348,556	25,000	74,375	74,375	148,750	173,750	522,306
2031	190,000	158,347	158,347	506,694	85,000	73,750	73,750	147,500	232,500	739,194
2032	200,000	152,416	152,416	504,831	85,000	71,625	71,625	143,250	228,250	733,081
2033	210,000	146,278	146,278	502,556	90,000	69,500	69,500	139,000	229,000	731,556
2034	220,000	139,828	139,828	499,656	95,000	67,250	67,250	134,500	229,500	729,156
2035	235,000	133,072	133,072	501,144	100,000	64,875	64,875	129,750	229,750	730,894
2036	245,000	126,606	126,606	498,213	105,000	62,375	62,375	124,750	229,750	727,963
2037	260,000	120,481	120,481	500,963	110,000	59,750	59,750	119,500	229,500	730,463
2038	270,000	115,094	115,094	500,188	115,000	57,000	57,000	114,000	229,000	729,188
2039	280,000	109,506	109,506	499,013	125,000	54,125	54,125	108,250	233,250	732,263
2040	295,000	103,713	103,713	502,425	130,000	51,000	51,000	102,000	232,000	734,425
2041	310,000	97,606	97,606	505,213	135,000	47,750	47,750	95,500	230,500	735,713
2042	320,000	91,019	91,019	502,038	145,000	44,375	44,375	88,750	233,750	735,788
2043	340,000	84,128	84,128	508,256	145,000	40,750	40,750	81,500	226,500	734,756
2044	355,000	76,691	76,691	508,381	155,000	37,125	37,125	74,250	229,250	737,631
2045	370,000	68,703	68,703	507,406	165,000	33,250	33,250	66,500	231,500	738,906
2046	390,000	60,378	60,378	510,756	170,000	29,125	29,125	58,250	228,250	739,006
2047	405,000	51,494	51,494	507,988	185,000	24,875	24,875	49,750	234,750	742,738
2048	425,000	42,150	42,150	509,300	190,000	20,250	20,250	40,500	230,500	739,800
2049	450,000	32,350	32,350	514,700	195,000	15,500	15,500	31,000	226,000	740,700
2050	470,000	21,975	21,975	513,950	210,000	10,625	10,625	21,250	231,250	745,200
2051	495,000	11,138	11,138	517,275	215,000	5,375	5,375	10,750	225,750	743,025
	$ 6,850,000	$ 2,633,444	$ 2,630,147	$ 12,113,592	$ 3,050,000	$ 1,217,778	$ 1,241,500	$ 2,459,278	$ 5,509,278	$ 17,622,869

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* Interest estimated at 5.00% for purposes of illustration.

FINANCIAL STATEMENT
(Unaudited)

Assessed Value – Table 4

2026 Certified Assessed Valuation		$ 81,728,908	(a)
Estimated Assessed Valuation as of September 1, 2026		$ 136,600,000	(b)
Gross Debt Outstanding (after issuance of the Bonds)		$ 9,900,000	(c)
Ratio of Gross Debt to 2026 Certified Assessed Valuation		12.11%	
Ratio of Gross Debt to Estimated Assessed Valuation as of September 1, 2026		7.25%	
2026 Tax Rate			
Debt Service	$ 0.1765		
Maintenance	0.7345		
Total 2026 Tax Rate		$ 0.9110	(d)
Debt Service Fund Balance (August 25, 2026)		$ 237,198	(e)

Area of District: 1,373 acres
Estimated Population as of September 1, 2026: 1,194[f]

(a) The certified assessed valuation as of January 1, 2026, as provided by BCAD. See "TAXING PROCEDURES."
(b) The estimated assessed valuation as of September 1, 2026, as provided by BCAD, is included solely for purposes of illustration. No taxes shall be levied on such assessment unless it is certified by BCAD. See "TAXING PROCEDURES."
(c) Includes the Bonds.
(d) The District's Board at its meeting in September 2026 levied a total tax rate of $0.9110. See "TAXING PROCEDURES."
(e) Unaudited as of August 25, 2026. Does not include approximately twenty-four (24) months of capitalized interest ($305,000 at an assumed interest rate of 5.00%) which is projected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the District's Debt Service Fund.
(f) Based upon 3.0 residents per completed and occupied single family home.

Unlimited Tax Bonds Authorized but Unissued - Table 5

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/4/2014	Water, Wastewater, and Drainage	$ 177,795,000	$ 6,850,000	$ 170,945,000
11/4/2014	Road	60,115,000	3,050,000 [a]	57,065,000
Total		**$ 237,910,000**	**$ 9,900,000**	**$ 228,010,000**

(a) Includes the Bonds.

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Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds
12/16/2025	Water, Wastewater, and Drainage	2025	$ 2,700,000	$ 2,700,000
8/25/2026	Water, Wastewater, and Drainage	2026	4,150,000	4,150,000
11/17/2026	Roads	2026A	3,050,000	3,050,000 [(a)]
	Subtotal		**$ 9,900,000**	**$ 9,900,000**

(a) The Bonds.

Cash and Investment Balances - Table 7[(a)]

General Fund	$ 299,368
Debt Service Fund	237,198 [(b)]
Capital Projects Fund	79,901

(a) Unaudited as of August 25, 2026.
(b) Unaudited as of August 25, 2026. Does not include approximately twenty-four (24) months of capitalized interest ($305,000 at an assumed interest rate of 5.00%) which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

Investment Authority and Investment Practices of the District

Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by explicit full faith and credit of the Unites States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the SEC that comply with SEC Rule 2a-7; (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in the this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m," or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time, and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations

described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, 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." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value, and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments - Table 8

The District, as of August 25, 2026 (unaudited), was invested in TexPool. This investment portfolio is generally representative of the District's investment practices. GASB Statement No. 3 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. TexPool is a public funds investment pool. TexPool has not been assigned a risk category since securities are not issued to evidence the investment. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

		Investment Value as of August 25, 2026
Cash	$	55,720
TexPool		560,747
Total Investments	**$**	**616,467**

Estimated Overlapping Debt Statement

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

Taxing Body	Total Tax Supported Debt Amount	Total Tax Supported Debt As of	% of Overlapping Net Debt	Amount of Overlapping Net Debt
Bell County	$ 116,900,000	9/30/2026	0.080%	$ 93,520
Killeen ISD	349,795,000	9/30/2026	0.270%	944,447
Florence ISD	55,545,000	9/30/2026	2.830%	1,571,924
TOTAL ESTIMATED OVERLAPPING NET DEBT				**$ 2,609,890**
The District [(a)]	$ 9,900,000	11/17/2026	100.00%	$ 9,900,000
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT				**$ 12,509,890**
Ratio of Estimated and Overlapping Debt to 2026 Certified Assessed Valuation				**15.31%**
Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of September 1, 2026				**9.16%**

(a) Includes the Bonds.

Overlapping Taxes for 2025

Overlapping Entity	2025 Tax Rate Per $100 Assessed Valuation Bell County	Average Tax Bill [(a)] Killeen ISD	Average Tax Bill [(a)] Florence ISD
Bell County	$0.312500	$ 839	$ 839
Killeen ISD	0.875800	2,351	-
Florence ISD	1.104200	-	2,965
Bell County Road District	0.020800	56	56
Central Texas College	0.088300	237	237
Clear Water U.W.C.D.	0.002230	6	6
The District	0.950000	2,551	2,551
Total	**$3.353830**	**$ 6,040**	**$ 6,653**

(a) Based upon the 2025 average single-family home value of $268,481 as provided by BCAD.

TAX DATA

Classification of Assessed Valuation - Table 9

	2026[a]		2025[b]		2024[b]		2023[b]	
Type Property	Amount	%	Amount	%	Amount	%	Amount	%
Single Family Residential	$ 78,323,695	95.83%	$ 13,178,944	39.51%	$ -	0.00%	$ -	0.00%
Vacant Platted Lots/Tracts	100,800	0.12%	696,000	2.09%	-	0.00%	-	0.00%
Qualified Open Space Land	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Farm or Ranch Improvement	-	0.00%	4,455,345	13.36%	7,234,375	64.59%	4,063,771	89.23%
Rural Land, Non-Qualified	1,255,843	1.54%	-	0.00%	-	0.00%	-	0.00%
Electrice Company	601,818	0.74%	619,300	1.86%	400,960	3.58%	490,500	10.77%
Commercial and Industrial Real	96,096	0.12%	-	0.00%	-	0.00%	-	0.00%
Real Inventory	96,095	0.12%	-	0.00%	5,667,800	50.61%	-	0.00%
Residential Inventory	10,237,377	12.53%	16,051,583	48.13%				
Totally Exempt Property	3,306	0.00%	-	0.00%	-	0.00%	-	0.00%
Adjustments & Exemptions	(8,986,122)	-11.00%	(1,648,467)	-4.94%	(2,103,084)	-18.78%	-	0.00%
Total	**$ 81,728,908**	**100.00%**	**$ 33,352,705**	**100.00%**	**$ 11,200,051**	**100.00%**	**$ 4,554,271**	**100.00%**

(a) Provided by BCAD.
(b) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.

Tax Collections - Table 10

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District's Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

	Assessed	Tax		Current		Total		Year	
Year	Valuation[a]	Rate	Tax Levy	Amount	%	Amount	%	Ending	
2018	2,587,192	0.9500	24,578	24,578	100.00%	24,578	100.00%	9/30/2019	(b)
2019	2,947,601	0.9500	28,002	28,002	100.00%	28,002	100.00%	9/30/2020	(b)
2020	4,874,063	0.9500	36,554	36,502	99.86%	36,502	99.86%	9/30/2021	(b)
2021	6,356,210	0.9500	61,908	61,906	100.00%	61,906	100.00%	9/30/2022	(c)
2022	4,539,111	0.9500	42,922	42,922	100.00%	42,922	100.00%	9/30/2023	(c)
2023	4,554,271	0.9500	43,266	43,266	100.00%	43,266	100.00%	9/30/2024	(c)
2024	11,200,051	0.9500	106,400	106,400	100.00%	106,400	100.00%	9/30/2025	(c)
2025	33,352,705	0.9500	307,980	306,493	99.52%	306,493	99.52%	9/30/2026	(d)

(a) Assessed valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.
(b) Unaudited.
(c) Audited.
(d) Reflects collections through June 30, 2026

District Tax Rates - Table 11

	Tax Rates per $100 Assessed Valuaton				
	2026	2025	2024	2023	2022
Debt Service	$ 0.1765	$ -	$ -	$ -	$ -
Maintenance	0.7345	0.9500	0.9500	0.9500	0.9500
Total	**$ 0.9110**	**$ 0.9500**	**$ 0.9500**	**$ 0.9500**	**$ 0.9500**

Tax Rate Limitation

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

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing, and operating the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. At an election held on November 4, 2014, voters within the District authorized a maintenance tax not to exceed $1.50/$100 assessed valuation. As shown above under "District Tax Rates," the District levied a 2026 maintenance and operation tax of $0.7345/$100 assessed valuation. See "THE DISTRICT – General."

Principal Taxpayers - Table 12

The following list of principal taxpayers was provided by BCAD based on the 2026, 2025, 2024, and 2023 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Name	Type of Property	2026[a]	2025[b]	2024[b]	2023[b]
WBW Land Investment LP[d]	Land & Improvements	$ 4,060,957	$ 3,725,500	$ 4,419,058	$ 3,470,244
Continental Homes of Texas LP(c)	Land & Improvements	3,868,529	6,019,700	1,756,000	(e)
Stylecraft Central Texas LP[c]	Land & Improvements	2,495,513	2,943,308	938,700	(e)
Saratoga Homes of Texas Austin LLC[c]	Land & Improvements	2,269,076	642,000	(e)	(e)
WBW Development Group LLC - Series 016[d]	Land & Improvements	1,252,800	3,054,400	2,972,600	(e)
JNC Developing Inc.	Land & Improvements	1,113,600	960,000	(e)	(e)
WBW Single Development LLC - Series 145[d]	Land & Improvements	844,800	(e)	(e)	(e)
Whitis Land Fund LLC[d]	Land & Improvements	753,516	627,930	690,633	575,527
Oncor Electric Delivery Co. LLC	Land & Improvements	476,818	619,300	400,960	490,500
Individual Homeowner	Land & Improvements	458,059	335,755	(e)	(e)
Individual Homeowner	Land & Improvements	(e)	326,096	(e)	(e)
WBW Land Investments LP et al[d]	Land & Improvements	(e)	(e)	21,600	18,000
Whitis Land Investments Ltd.[d]	Land & Improvements	(e)	(e)	(e)	(e)
City of Killeen	Land & Improvements	(e)	(e)	(e)	(e)
Total		**$ 17,593,668**	**$ 19,253,989**	**$ 11,199,551**	**$ 4,554,271**
Percent of Assessed Valuation		21.53%	57.73%	33.58%	100.00%

(a) Provided by BCAD.
(b) Assessed Valuation reflects the adjusted value as of September 30th as included in the audited financial statement.
(c) The designated taxpayer is concentrated in the homebuilding industry. See "THE DEVELOPER ENTITIES - Homebuilders within the District" and "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments - Dependence Upon the Developer, Lot Owners, and Homebuilders." Continental Homes is an affiliate of D R Horton; but the other builders are not.
(d) An affiliate of the Developer Entities.
(e) Not a principal taxpayer for respective year.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2026 certified assessed valuation and estimated assessed valuation as of September 1, 2026, and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds (at an estimated interest rate of 5.00% per annum). No available debt service funds are reflected in these computations. See "RISK FACTORS – Factors Affecting Taxable Values and Tax Payments - *Impact on District Tax Rates*."

Projected Average Requirement on the Bonds and the Outstanding Bonds (2026 through 2051)	$677,803
$0.88 Tax Rate on 2026 Certified Assessed Valuation of $81,728,908 @ 95% collections produces	$683,254
$0.53 Tax Rate on the Estimated Assessed Valuation as of September 1, 2026 of $136,600,000 @ 95% collections produces	$687,781
Projected Maximum Requirement on the Bonds and the Outstanding Bonds (2050)	$745,200
$0.96 Tax Rate on 2026 Certified Assessed Valuation of $81,728,908 @ 95% collections produces	$745,368
$0.58 Tax Rate on the Estimated Assessed Valuation as of September 1, 2026 of $136,600,000 @ 95% collections produces	$752,666

Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/27		$505,919[a]
Audited Debt Service Fund Balance as of 09/30/25	0[b]	
Capitalized Interest included in Bond proceeds	305,000[c]	
Capitalized Interest included in Series 2026 Bond proceeds	394,739[d]	
2026 Tax Levy @ 95% collections produces	137,039[e]	
Total Available for Debt Service		$836,778
Projected Debt Service Fund Balance as of September 30, 2026		$330,859

(a) Interest requirements on the Bonds begin March 1, 2027.
(b) Audited. Does not include approximately $653,401 in capitalized interest from the Outstanding Bonds, which were deposited into the District's Debt Service Fund after September 30, 2025.
(c) Preliminary; subject to change. Represents approximately twenty-four (24) months of capitalized interest ($305,000 at an assumed interest rate of 5.00%) which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.
(d) Represents twenty-four (24) months of capitalized interest ($394,739 at an interest rate of 4.75589%) included in the Series 2026 bond issue, which was deposited into the District's Debt Service Fund on August 25, 2026.
(e) The District levied a 2026 total debt service tax rate of $0.1765/$100AV, and the tax collections generated by such tax rate are due by January 31, 2027. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, its other remaining 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 and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its utility systems and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA - Tax Rate Limitation."

Property Tax Code and County Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and appraisal review board responsible for appraising property for all taxing units within the county. BCAD has the responsibility for appraising property for all taxing units within Bell County, including the District. Such appraisal values are subject to review and change by the Tax Appraisal District Appraisal Review Board of Bell County (the "Appraisal Review Board").

Except as described below, BCAD is required to appraise all property within Bell County on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, BCAD is required to consider the cost method of appraisal and the market data comparison method of appraisal, and use the method that the chief appraiser of BCAD considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that the eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by BCAD are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "TAXING PROCEDURES – District and Taxpayer Remedies."

Property Subject to Taxation by the District

***General*:** Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State or its political subdivisions if the

property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites, and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if 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 Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but it must be adopted by July 1. The District has never adopted a general homestead exemption.

Tax Abatement: Bell County and the District may enter into tax abatement agreements with owners of real property. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. 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. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment, and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in- transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods in-transit exemption for items of personal property. Freeport goods are exempt from taxation by the District. The District has elected to tax goods-in-transit.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 at the taxing unit's 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 under the Property Tax Code range from 15% for

property less than 30% damaged to 100% for property that is a total loss. Any such exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Valuation of Property for Taxation

Generally, property in the District must be appraised by BCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally 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.

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 that such property would bring if sold as a unit to a purchaser who would continue the business. 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, open space, or timberland designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years.

The Property Tax Code requires BCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in BCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by BCAD 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 BCAD 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 BCAD chooses formally to include such values on its appraisal roll.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than $5 million dollars ('the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent (20%) of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap took effect on January 1, 2024.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the 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, 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 15 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. 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, may be rejected. Additionally, certain taxpayers, including the disabled, persons 65 years or older, and disabled veterans, who qualified for certain tax exemptions are entitled by law to pay current taxes on a residential homestead in four installments with the first due before February 1 of each year and the final installment due before August 1 or to defer payment of taxes without penalty during the time of ownership.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax that would impose 1.035 times the amount of the operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the District in that year plus any unused increment rates (the "voter approval tax rate"). An election is not required if the adopted tax rate is less than or equal to the voter approval tax rate. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or the 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 are 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 a rollback 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 is made by the Board of Directors on an annual basis. The Board of Directors of the District has determined that the District is a Developing District for the 2026 tax year. 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.

Tax Payment Installments

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 taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property on 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 STATEMENT - Overlapping Taxes for 2025." 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, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years 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. See "RISK FACTORS - General - Tax Collections and Foreclosure Remedies."

Effect of FIRREA on Tax Collections

FIRREA contains provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

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

To the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General 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 legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

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

No-Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the Date of Initial Delivery of the Bonds, executed by both the President and Secretary of the Board, 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 Initial Purchaser to accept 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 Official Statement.

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 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. See "APPENDIX B -- Form of Bond Counsel Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) covenants of the District with respect to arbitrage, and the application of the proceeds to be received form the issuance and the sale of the Bonds, and certain other matters. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income 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 the 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 to gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with the covenants and requirements described in the preceding paragraph, 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 Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such 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 (the "IRS") by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the IRS will commence an audit of the Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS 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 Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof (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 constitutes 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 (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.

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 accumulated, 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 Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, 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.

Interest on the Bonds may be includable 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.

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.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. As of the date hereof, legislation has been introduced in the United States Congress that, if enacted, would make significant changes to the Code, including, among other provisions, changes to the federal income tax rates for individuals and corporations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

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 obligation, 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 expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the IRS could take a contrary view. If the IRS takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 2 through 12 and in Appendix A, if such audited financial statements as provided in Appendix A are then available. The District will update and provide this information within twelve months after the end of each fiscal year. The District will provide the updated information to the MSRB.

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 it is completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within such twelve-month period and file audited financial statements when the audit report becomes available. In addition, the District has agreed to provide information with respect to the Developer Entities of the general type included under "TAX DATA - Principal Taxpayers – Table 12." The District will be obligated to provide such information concerning the Developer Entities only if and so long as (1) such entities own more than 20% of the taxable value within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions) or any preliminary or estimated assessed valuation provided by BCAD, (2) such entities have made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such entity is obligated to the District to provide or pay for District facilities or debt in the amount which exceeds 20% of the amount of the District's bonds then outstanding. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Notice of Certain Events

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten (10) 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 IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the

Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the 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, 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.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court of governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the events described in clauses (15) and (16) above, the term "financial obligation" is defined in the Bond Order to mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities and Exchange Act of 1934, as amended, as which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described under "- Annual Reports." The District will provide each notice described in this "- Event Notices" caption to the MSRB in an electronic format and accompanied by identifying information as provided by the MSRB.

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Limitations and Amendments

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

This continuing disclosure agreement may be amended by the District 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, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and Beneficial Owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter or purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

Since the District first issued bonds in 2025, the District has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC (the "Financial Advisor"), which firm was employed in 2014 as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

OFFICIAL STATEMENT

Preparation

The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See "THE DISTRICT." The Board of Directors in its official capacity has relied upon the below mentioned consultants and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

"THE DISTRICT" and "THE SYSTEM" – District Engineer; "THE DEVELOPER ENTITIES" – WBW Development Group, LLC; "FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued" - Records of the District, "FINANCIAL STATEMENT" – BCAD; "FINANCIAL STATEMENT - Estimated Overlapping Debt Statement" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" and "THE SYSTEM - Water and Wastewater Operations" - Records; "THE DISTRICT - Management of the District" - District Directors; "PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3" - Financial Advisor; "THE BONDS" (except "Payment Record"), "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except "Compliance with Prior Undertakings") – Bond Counsel

Consultants

In approving this Official Statement, the District has relied upon the following consultants and sources in addition to the Financial Advisor.

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

Auditor: The District's financial statements for fiscal year ending September 30, 2025 were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2025 have been included as Appendix A in reliance upon such firm's authority in the field of accounting.

Appraisal District: The information contained in this Official Statement relating to the Assessed Valuations of the District has been provided by the BCAD and has been included herein in reliance upon the authority of said office in the field of appraising and tax assessing.

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 Mr. Shay Luedeke, Bell County Tax Assessor/Collector, and has been included herein in reliance upon Mr. Shay Luedeke, as an expert in collecting taxes.

Updating the Official Statement during Underwriting Period

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

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the consultants and other sources listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

Official Statement "Deemed Final"

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "FINAL OFFICIAL STATEMENT" of the District with respect to the Bonds, as that term is defined in the Rule.

Annual Audits

Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond outstanding. Copies of each audit report must also be filed in the office of the District. The District's fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District's audit reports to any registered owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

This Official Statement was approved by the Board of Directors of Bell County Municipal Utility District No. 2, as of the date shown on the first page hereof.

_____
Otis Evans
President, Board of Directors
Bell County Municipal Utility District No. 2

_____
Jason Dewald
Secretary, Board of Directors
Bell County Municipal Utility District No. 2

PHOTOGRAPHS

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

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APPENDIX A
Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Bell County Municipal Utility District No. 2 for the fiscal year ended September 30, 2025. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

BELL COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

YEAR ENDED SEPTEMBER 30, 2025

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

BELL COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2025

BELL COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF BELL

I, _____ of the
(Name of Duly Authorized District Representative)

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **16th day of December, 2025** its annual audit report for the fiscal year ended **September 30, 2025** and that copies of the annual audit report have been filed in the District's office, located at:

100 Congress Ave., Suite 1300 Austin, TX 78701
(Address of District's Office)

This filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: _____ , _____ By: _____
(Signature of District Representative)

_____
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____ , _____.

(SEAL)

_____
(Signature of Notary)

My Commission Expires On: _____ , _____.
Notary Public in the State of Texas

Form TCEQ-0723 (Rev. 07/2012)

INDEPENDENT AUDITOR'S REPORT

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
Bell County Municipal Utility District No. 2
Bell County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Bell County Municipal Utility District No. 2 (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas 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 information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

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

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

December 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Bell County Municipal Utility District No. 2 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2025. Since this information is designed to focus on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current fiscal year, the nonspendable and unassigned fund balance was $99,834. The General Fund had revenues net of expenditures of $22,409 for the current fiscal year. General Fund revenues increased from $47,536 in the previous fiscal year to $101,254 in the current fiscal year.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had revenues net of expenses of $22,409. Net position increased from $73,477 last year to $95,886 this year.

OVERVIEW OF THE DISTRICT

The District was created by order of the Texas Commission on Environmental Quality dated July 23, 2014 as a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors.

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements (including Notes to the Financial Statements)*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

USING THIS ANNUAL REPORT (Continued)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* includes a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.*

The *Required Supplementary Information* presents a comparison statement between the District's adopted budget for the General Fund and its actual results.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Increase
	2025	2024	(Decrease)
Current and Other Assets	$ 133,811	$ 90,462	$ 43,349
Capital Assets	-	-	-
Total Assets	133,811	90,462	43,349
Current Liabilities	33,925	12,985	20,940
Long-term Liabilities	4,000	4,000	-
Total Liabilities	37,925	16,985	20,940
Unrestricted	95,886	73,477	22,409
Total Net Position	$ 95,886	$ 73,477	$ 22,409

The District's net position increased from $73,477 in the previous fiscal year to $95,886 in the current fiscal year.

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change
	2025	2024	Increase
Property taxes and other	$ 101,254	$ 47,536	$ 53,718
Total Revenues	101,254	47,536	53,718
Professional fees	71,898	42,781	29,117
Other	6,947	3,532	3,415
Total Expenses	78,845	46,313	32,532
Change in Net Position	22,409	1,223	21,186
Beginning Net Position	73,477	72,254	1,223
Ending Net Position	$ 95,886	$ 73,477	$ 22,409

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses (continued):

Revenues were $101,254 for the fiscal year ended September 30, 2025 while expenses were $78,845. Net position increased by $22,409.

Property tax revenue in the current fiscal year was $96,905. Property tax revenue is derived from taxes being levied upon the assessed value of real and personal property within the District. Property taxes levied for the 2024 tax year (September 30, 2025 fiscal year) were based upon a current adjusted assessed value of $11,200,051 and a tax rate of $0.95 per $100 of assessed valuation. Property taxes levied for the 2023 tax year (September 30, 2024 fiscal year) were based on an adjusted assessed valuation of $4,554,271 and a tax rate of $0.95 per $100 of assessed valuation.

ANALYSIS OF GOVERNMENTAL FUNDS

	Governmental Funds by Year			
	2025	2024	2023	2022
Cash and cash equivalents	$ 81,672	$ 85,376	$ 88,705	$ 81,751
Receivables	52	52	252	52
Prepaid expenses	52,087	5,034	2,999	1,988
Total Assets	$ 133,811	$ 90,462	$ 91,956	$ 83,791
Accounts Payable	$ 33,925	$ 12,985	$ 15,702	$ 9,667
Total Liabilities	33,925	12,985	15,702	9,667
Deferred Inflows of Resources	52	52	52	52
Nonspendable	52,087	5,034	2,999	1,988
Unassigned	47,747	72,391	73,203	72,084
Total Fund Balances	99,834	77,425	76,202	74,072
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 133,811	$ 90,462	$ 91,956	$ 83,791

For the fiscal year ended September 30, 2025, the District's governmental fund reflected a fund balance of $99,834, which included a $22,409 increase from last year.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs of the District. On August 30, 2024, the Board of Directors adopted a budget that included revenues of $98,679 as compared to expenditures of $53,900. When comparing actual to budget, the District had a negative variance of $22,370. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The amount of assessed value of property within the District for the 2025 tax year (September 30, 2026 fiscal year) is approximately $33.4 million and the tax rate levied is $0.95 per $100 of assessed valuation. All of the property tax will fund general operating costs.

The adopted budget for fiscal year 2026 projects an increase in the General Fund fund balance of $224,651.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

FINANCIAL STATEMENTS

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS			
Cash	$ 22,197	$ -	$ 22,197
Cash equivalents	59,475	-	59,475
Receivables -			
Property taxes	52	-	52
Prepaid items	52,087	-	52,087
TOTAL ASSETS	$ 133,811	-	133,811
LIABILITIES			
Accounts payable	$ 33,925	-	33,925
Due to developer	-	4,000	4,000
TOTAL LIABILITIES	33,925	4,000	37,925
DEFERRED INFLOWS OF RESOURCES			
Property taxes	52	(52)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	52	(52)	-
FUND BALANCE			
Nonspendable	52,087	(52,087)	-
Unassigned	47,747	(47,747)	-
TOTAL FUND BALANCE	99,834	(99,834)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 133,811		
NET POSITION			
Unrestricted		95,886	95,886
TOTAL NET POSITION		$ 95,886	$ 95,886

The accompanying notes are an integral part of this statement.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2025

	General Fund	Adjustments Note 2	Government - wide Statement of Activities
REVENUES			
Property taxes, including penalties	$ 96,905	$ -	$ 96,905
Interest and other	4,349	-	4,349
TOTAL REVENUES	101,254	-	101,254
EXPENDITURES / EXPENSES			
Current:			
Legal fees	28,372	-	28,372
Engineering fees	14,989	-	14,989
Audit fees	10,750	-	10,750
Accounting fees	14,487	-	14,487
Financial advisor fees	3,300	-	3,300
Tax appraisal/collection fees	1,104	-	1,104
Insurance	4,923	-	4,923
Other	920	-	920
TOTAL EXPENDITURES / EXPENSES	78,845	-	78,845
NET CHANGE IN FUND BALANCE	22,409	(22,409)	-
CHANGE IN NET POSITION		22,409	22,409
FUND BALANCE / NET POSITION			
Beginning of the year	77,425	(3,948)	73,477
End of the year	$ 99,834	$ (3,948)	$ 95,886

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Bell County Municipal Utility District No. 2 (the "District") relating to the fund included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* ("GASB"), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was duly created by order of the Texas Commission on Environmental Quality (the "Commission") dated July 23, 2014 as a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

The financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets.

  The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

Governmental Fund Types - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund type:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Non-current Governmental Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net fund balance. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District may report deferred inflows of resources on its balance sheet. These arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the balance for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - An unappropriated budget was adopted on August 30, 2024, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current fiscal year.

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

Cash and Cash Equivalents **-** Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Comptroller's Investment Pool, are recorded at amortized cost.

Ad Valorem Property Taxes **-** Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Prepaid Items **-** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the government-wide and fund financial statements. Prepaid expenditures shall be charged to expenditures when consumed.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Fund Balance - 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. The District does not have any restricted fund balances.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District 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 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.

2. RECONCILIATION OF THE GOVERNMENTAL FUND

Adjustments to convert the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

Fund Balance - General Fund	$	99,834
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		52
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund -		
Developer advances		(4,000)
Net Position - Governmental Activities	$	95,886

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash - At September 30, 2025, the carrying amount of the District's deposits and the bank balance was $22,197. The bank balance was fully covered by federal depository insurance.

Cash Equivalents and Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) –

At September 30, 2025, the District held the following investments:

		Governmental Funds		
		General	Investment Rating	
Investment	Fair Value at 9/30/2025	Unrestricted	Rating	Rating Agency
Texpool	$ 59,475	$ 59,475	AAAm	Standard & Poors
	$ 59,475	$ 59,475		

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2025, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of September 30, 2025, the District's bank deposits were fully insured by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Tax Appraisal District of Bell County establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Tax Appraisal District of Bell County bills and collects the District's property taxes. The Board of Directors set the 2024 tax rate on August 30, 2024.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2024 tax roll. The tax rate, based on total taxable assessed valuation of $11,200,051, was $0.95 on each $100 valuation and was allocated to the General Fund. The maximum allowable maintenance tax of $1.50 was established by the voters at an election held on November 4, 2014.

Property taxes of $52 were receivable at September 30, 2025.

5. BONDED DEBT

Bonds authorized but not issued as of September 30, 2025, are as follows:

Type	Amount
Unlimited Tax Bonds	$ 177,795,000
Road Bonds	$ 60,115,000

The District has not issued any debt as of September 30, 2025.

6. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District has incurred costs related to construction of facilities. 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 District, as of September 30, 2025, has recorded no liability pertaining to such costs. The District owes the developer $4,000 for advances used to fund operating expenditures as of September 30, 2025.

7. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

8. DEVELOPMENT AGREEMENT WITH THE CITY OF KILLEEN

The District lies within the extraterritorial jurisdiction of the City of Killeen, Texas (the "City"). The City and WBW Land Investments, L.P. (the "Developer") entered into a "Consent and Development Agreement [Bell County Municipal Utility District No. 2] dated effective August 8, 2013 (the "Development Agreement"), which, among other things, memorialized the City's consent to the creation of the District, specified the development standards applicable to development of the lands within the District, and set forth certain terms and conditions governing the construction, financing, operation, maintenance, and ownership of the water, wastewater, drainage, and roadway improvements serving the property within the District. The District joined in the Development Agreement upon voter consent to creation on November 4, 2014. The Development Agreement provides that (a) the City will provide retail water and wastewater service to residents in the District at the rates and fees charged for in-City service, as determined from time to time by the City; (b) that the water and wastewater facilities constructed by the Developer on behalf of the District to serve residents in the District will be conveyed to the City (through or on behalf of the District) subject to the City's obligation to provide service to the District, a reservation of capacity for the benefit of the District, and the Developer's right to reimbursement from the District; and (c) that the drainage facilities constructed by the Developer on behalf of the District to serve residents in the District will be conveyed to the District for operation and maintenance.

Pursuant to the Development Agreement, the City has agreed not to annex or dissolve the District until (i) 100% by dollar amount of the total road, water, wastewater, and drainage facilities for which District bonds may be authorized have been constructed; and (ii) the Developer has been fully reimbursed by the District in accordance with TCEQ rules (or the City has expressly assumed the obligation to reimburse the Developer for such facilities at the time of annexation), The Development Agreement was amended by a "First Amendment to Consent and Development Agreement" dated February 17, 2016. The term of the Development Agreement continues for 15 years from the effective date (August 8, 2013) and may be extended for up to two successive 15-year periods.

11. SUBSEQUENT EVENT

On December 16, 2025, the District expects to issue $2,700,000 of Unlimited Tax Bonds, Series 2025, with interest rates ranging from 4.00% to 6.00% and principal maturities through September 2050. Proceeds of the bonds will be used to reimburse a developer within the District for Turnbo Ranch lift station, force main, and access road construction costs along with creation and operating expenses funded by the developer and to fund bond issue costs. In addition, a portion of the bond proceeds will be used to fund future interest payments on the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2025

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES			
Property taxes, including penalties	$ 96,905	$ 98,679	$ (1,774)
Interest and other	4,349	-	4,349
TOTAL REVENUES	$ 101,254	$ 98,679	$ 2,575
EXPENDITURES			
Current:			
Legal fees	$ 28,372	$ 22,500	$ (5,872)
Engineering fees	14,989	20,000	5,011
Audit fees	10,750	-	(10,750)
Accounting fees	14,487	4,600	(9,887)
Financial advisor fees	3,300	2,000	(1,300)
Tax appraisal/collection fees	1,104	1,000	(104)
Insurance	4,923	3,200	(1,723)
Other	920	600	(320)
TOTAL EXPENDITURES	$ 78,845	$ 53,900	$ (24,945)
NET CHANGE IN FUND BALANCE	$ 22,409	$ 44,779	$ (22,370)
FUND BALANCE			
Beginning of the year	77,425		
End of the year	$ 99,834		

The accompanying notes are an integral part of this statement.

TEXAS SUPPLEMENTARY INFORMATION

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2025

1. Services Provided by the District during the Fiscal Year: (1)

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

2. Retail Service Providers (1)

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:					
WASTEWATER:					
SURCHARGE:					

District employs winter averaging for wastewater usage? Yes [ ] No [ ]

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water				
Total Wastewater			1.0	

(1) Retail services are provided by the City of Killeen.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2025

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: (1)

Gallons billed to customers: (1)

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
(1)

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

5. Location of District

County(ies) in which district is located: Bell County, Texas

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which district is located: _____

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: City of Killeen, Texas

Are Board members appointed by an office outside the District?

Yes ☐ No ☒

If Yes, by whom? _____

(1) Retail services are provided by the City of Killeen.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2025

Personnel Expenditures (including benefits)	$	-
Professional Fees:		
Auditing		10,750
Legal		28,372
Engineering		14,989
Financial Advisor		3,300
Purchased Services For Resale -		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		14,487
General Manager		-
Appraisal District/Tax Collector		1,104
Other Contracted Services		-
Utilities		-
Repairs and Maintenance		-
Chemicals		-
Administrative Expenditures:		
Directors' Fees		-
Office Supplies		-
Insurance		4,923
Other Administrative Expenditures		920
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
TOTAL EXPENDITURES	$	78,845

Number of persons employed by the District: - Full-Time - Part-Time

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
TexPool	XXX0001	Varies	N/A	$ 59,096	$ -
TexPool	XXX0002	Varies	N/A	379	-
Total - General Fund				59,475	-
Total - All Funds				$ 59,475	$ -

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2025

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	$ 52	$ -
2024 Original Tax Levy, less abatements	106,400	-
Adjustments	(5,320)	-
Adjustments - Prior Years	-	-
Total to be accounted for	$ 101,132	$ -
Tax collections:		
Current year	101,080	-
Prior years	-	-
Total collections	$ 101,080	-
Taxes Receivable, End of Year	$ 52	$ -
Taxes Receivable, By Years		
2023 and before	$ 52	$ -
2024	-	-
Taxes Receivable, End of Year	$ 52	$ -

Property Valuations:	**2024**	2023	2022
Land and improvements	**$ 11,200,051** (a)	$ 4,554,271 (a)	$ 4,539,111 (a)
Total Property Valuations	**$ 11,200,051**	$ 4,554,271	$ 4,539,111
Tax Rates per $100 Valuation:			
Debt Service tax rates	**$ -**	$ -	$ -
Maintenance tax rates	**0.9500**	0.9500	0.9500
Total Tax Rates per $100 Valuation:	**$ 0.9500**	$ 0.9500	$ 0.9500
Original Tax Levy	**$ 106,400**	$ 43,266	$ 43,122
Percent of Taxes Collected to Taxes Levied **	**100.0%**	100.0%	100.0%

Maximum Tax Rate Approved by Voters: **$ 1.50 on 11/4/2014**

**Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2025

The District had no long-term debt outstanding at September 30, 2025.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2025

	Bond Series	Total
Interest Rate		
Dates Interest Payable		
Maturity Dates		
Bonds Outstanding at Beginning of Current Fiscal Year	$ -	$ -
Bonds Sold During the Current Fiscal Year		
Retirements During the Current Fiscal Year:		
Principal	-	-
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	$ -	$ -
Interest Paid During the Current Fiscal Year	$ -	$ -

Paying Agent's Name & Address:

Bond Authority:	Unlimited Tax Bonds*	Road Bonds*	Refunding Bonds*
Amount Authorized by Voters:	$ 177,795,000	$ 60,115,000	$ -
Amount Issued	-	-	-
Remaining To Be Issued	$ 177,795,000	$ 60,115,000	$ -

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2025:	$ -
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:	$ -

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
SEPTEMBER 30, 2025

	Amounts					Percent of Fund Total Revenues				
	2025	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
GENERAL FUND REVENUES:										
Property taxes, including penalties	**$ 96,905**	$ 43,266	$ 42,924	$ 51,028	$ 40,747	**95.7%**	91.0%	98.6%	100.0%	100.0%
Other	**4,349**	4,270	620	-	7	**4.3%**	9.0%	1.4%	-	-
TOTAL GENERAL FUND REVENUES	**$ 101,254**	$ 47,536	$ 43,544	$ 51,028	$ 40,754	**100.0%**	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES -										
Current:										
Legal fees	**28,372**	17,678	13,468	12,787	4,651	**28.0%**	37.2%	30.9%	25.1%	11.4%
Engineering fees	**14,989**	18,568	18,472	7,261	1,200	**14.8%**	39.1%	42.4%	14.2%	2.9%
Audit fees	**10,750**	-	-	-	-	**10.6%**	0.0%	0.0%	0.0%	0.0%
Accounting fees	**14,487**	4,725	3,925	3,400	2,700	**14.3%**	9.9%	9.0%	6.7%	6.6%
Financial advisor fees	**3,300**	1,810	980	980	980	**3.3%**	3.8%	2.3%	1.9%	2.4%
Tax appraisal/collection fees	**1,104**	461	415	601	444	**1.1%**	1.0%	1.0%	1.2%	1.1%
Insurance	**4,923**	2,404	3,524	1,665	1,430	**4.9%**	5.1%	8.1%	3.3%	3.5%
Other	**920**	667	630	640	2,553	**0.9%**	1.4%	1.4%	1.3%	6.3%
TOTAL GENERAL FUND EXPENDITURES	**$ 78,845**	$ 46,313	$ 41,414	$ 27,334	$ 13,958	**77.9%**	97.4%	95.1%	53.6%	34.2%
NET CHANGE IN FUND BALANCE	**$ 22,409**	$ 1,223	$ 2,130	$ 23,694	$ 26,796	**22.1%**	2.6%	4.9%	46.4%	65.8%
TOTAL ACTIVE RETAIL WATER CONNECTIONS*	**-**	-	-	-	-					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS*	**-**	-	-	-	-					

* Retail services are provided by the City of Killeen.

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

Complete District Mailing Address:	100 Congress Ave., Ste. 1300, Austin, TX 78701
District Business Telephone Number:	(512) 435-2300
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	August 1, 2024
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2025	Expense Reimbursements 9/30/2025	Title at Year End
Board Members:	**Current Terms**			
OTIS EVANS	(Elected) 5/4/2024 - 5/6/2028	$ -	$ -	President
MIGUEL DIAZ	(Elected) 5/7/2022 - 5/2/2026	$ -	$ -	Vice-President
JASON DEWALD	(Elected) 5/7/2022 - 5/2/2026	$ -	$ -	Secretary
MIKE W. KRIEGEL	(Elected) 5/4/2024 - 5/6/2028	$ -	$ -	Assistant Secretary
Consultants:				
Armbrust & Brown, PLLC	8/5/2014	$ 26,533	$ -	Attorney
Jones-Heroy & Associates, Inc.	8/5/2014	$ 43,528	$ -	Engineer
Bott & Douthitt, PLLC	7/26/2018	$ 14,170	$ -	District Accountant
McCall Gibson Swedlund Barfoot Ellis PLLC	2/7/2025	$ 10,750	$ -	Auditor
Public Finance Group LLC	8/5/2014	$ 3,300	$ -	Financial Advisor
McCall Parkhurst & Horton, LLP	8/5/2014	$ -	$ -	Bond Counsel
Bell County Tax Assessor/Collector	3/22/2016	$ -	$ -	Tax Assessor/Collector

**Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

OTHER SUPPLEMENTARY INFORMATION

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2025

Taxpayer	Type of Property	Tax Roll Year **2025**	2024	2023
Continental Homes of Texas LP	N/A	**$ 6,019,700**	$ 1,756,500	$ -
WBW Land Investments LP	N/A	**3,725,500**	4,419,058	3,470,244
WBW Development Group LLC - Series 016	N/A	**3,054,400**	2,972,600	-
Stylecraft Central Texas LP	N/A	**2,943,308**	938,700	-
JNC Development Inc.	N/A	**960,000**	-	-
Saratoga Homes of Texas Austin LLC	N/A	**642,000**	-	-
Whitis Land Fund LLC	N/A	**627,930**	690,633	575,527
Oncor Electric Delivery Co. LLC	N/A	**619,300**	400,960	490,500
Homeowner	N/A	**335,755**	-	-
Homeowner	N/A	**326,096**	-	-
WBW Land Investments LP et al	N/A	-	21,600	18,000
Total		**$ 19,253,989**	$ 11,200,051	$ 4,554,271
Percent of Assessed Valuation		**57.7%**	100.0%	100.0%

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2025

	Tax Roll Year					
	2025		2024		2023	
Type of Property	**Amount**	**%**	Amount	%	Amount	%
Single Family Residential	**$ 13,178,944**	**39.5%**	$ -	-	$ -	-
Vacant Platted Lots/Tracts	**696,000**	**2.1%**	-	-	-	-
Farm and Ranch Improvements	**4,455,345**	**13.4%**	7,234,375	64.6%	4,063,771	89.2%
Electric Company	**619,300**	**1.9%**	400,960	3.6%	490,500	10.8%
Residential Inventory	**16,051,583**	**48.1%**	5,667,800	50.6%	-	-
Adjustments & Exemptions	**(1,648,467)**	**-5.0%**	(2,103,084)	-18.8%	-	-
Total	**$ 33,352,705**	**100.0%**	$ 11,200,051	100.0%	$ 4,554,271	100.0%

APPENDIX B
Form of Bond Counsel Opinion

McCALL PARKHURST & HORTON

Focused on Public Finance since 1919.

[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
UNLIMITED TAX ROAD BONDS, SERIES 2026A
IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,050,000

AS BOND COUNSEL FOR BELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on October 13, 2026* authorizing the issuance of the Bonds (the "Bond Order").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.

*Preliminary, subject to change.

THE DISTRICT reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the District with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds**.**

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purpose of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced,

in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,