

OFFICIAL STATEMENT DATED MAY 20, 2026

NEW ISSUE-BOOK-ENTRY-ONLY

RATING: BAM Insured: S&P “AA” (Stable Outlook)
See “MUNICIPAL BOND RATING” and “BOND 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 existing statutes, regulations, published rulings, and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

THE DISTRICT HAS DESIGNATED THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions” herein.

\$3,500,000

SHELL ROAD MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

Dated: June 25, 2026

Due: September 1, as shown on the inside cover page

Interest on the \$3,500,000 Shell Road Municipal Utility District Unlimited Tax Bonds, Series 2026 (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/registrars for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”). The Bonds are obligations solely of Shell Road Municipal Utility District (the “District”) and are not obligations of the City of Georgetown, Texas; Williamson County, Texas; the State of Texas; or any entity other than the District.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See “BOND INSURANCE” and “APPENDIX C - Specimen Municipal Bond Insurance Policy.”



**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 and will be 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.”

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 to the District (“Bond Counsel”). Delivery of the Bonds in book-entry form is expected through the facilities of DTC on or about June 25, 2026 (the “Date of Initial Delivery”), in Austin, Texas.

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

CUSIP Prefix: 822667

Due September	Principal Amount	Interest Rate ^(a)	Initial Reoffering Yield ^(b)	CUSIP Suffix ^(c)	Due September	Principal Amount	Interest Rate ^(a)	Initial Reoffering Yield ^(b)	CUSIP Suffix ^(c)
2029	\$ 100,000	6.000%	3.200%	AA9	2040	* \$ 150,000	4.000%	4.200%	AM3
2030	125,000	6.000%	3.300%	AB7	2041	* 150,000	4.000%	4.270%	AN1
2031	125,000	6.000%	3.400%	AC5	2042	* 175,000	4.000%	4.340%	AP6
2032	125,000	6.000%	3.500%	AD3	2043	* 175,000	4.125%	4.410%	AQ4
2033	* 125,000	5.375%	3.600%	AE1	2044	* 175,000	4.250%	4.480%	AR2
2034	* 125,000	4.000%	3.700%	AF8	2045	* 175,000	4.375%	4.550%	AS0
2035	* 150,000	4.000%	3.800%	AG6	2046	* 200,000	4.375%	4.620%	AT8
2036	* 150,000	4.000%	3.900%	AH4	2047	* 200,000	4.500%	4.670%	AU5
2037	* 150,000	4.000%	4.000%	AJ0	2048	* 200,000	4.625%	4.700%	AV3
2038	* 150,000	4.000%	4.100%	AK7	2049	* 200,000	4.625%	4.730%	AW1
2039	* 150,000	4.000%	4.150%	AL5	2050	* 225,000	4.625%	4.760%	AX9

* 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. See “THE BONDS - Redemption.”

- (a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of 97.0131% of par, resulting in a net effective interest rate to the District of 4.601189%.
- (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 enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement 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 or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule").

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 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."

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."

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY 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 SAMCO Capital Markets (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 97.0131% 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 or the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "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.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a rating of "AA" (stable outlook) to the Bonds, as a result of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer") at the time of delivery of the Bonds. See "BOND INSURANCE" and "RISK FACTORS – Bond Insurance Risks."

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgement of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$493.3 million, \$277.6 million and \$215.7 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

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..... Shell Road Municipal Utility District (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 October 14, 2019, and confirmed pursuant to an election held within the District on November 3, 2020. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater, construct roads, and provide parks and recreational facilities. The District 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 contains approximately 317.08 acres. See “THE DISTRICT – General.”
- Location The District is located entirely within the city limits of the City of Georgetown, Texas (“Georgetown” or the “City”), is situated in northwestern Williamson County, and is located approximately 6 miles northwest of the central business district of the City. Access to the District is provided by Shell Road. See “LOCATION MAP” and “THE DISTRICT - Location.”
- The Developer..... The developer currently active within the District is Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership (“Lennar” or the “Developer”), of which U.S. Home, LLC, a Delaware limited liability company, serves as general partner. U.S. Home LLC is wholly-owned by Lennar Corporation, a publicly traded corporation whose stock is listed on the New York Stock Exchange. See “THE DEVELOPER.”
- Status of Development Of the approximately 317.08 acres within the District, approximately 315.83 are developable (“Developable Acreage”). As of April 1, 2026, utility facilities have been constructed on approximately 138 acres (or 43.70% of the Developable Acreage) as Woodfield Preserve Phases 1, 3, and 7, a residential subdivision that includes a total of 361 single-family lots comprised of: (i) 101 completed single family homes, (ii) 12 single family homes under construction, (iii) 248 vacant single family lots, and (iv) 1 stand-alone condominium lot (Woodfield Preserve Phase 7) that includes (A) 69 detached condominiums that are completed, (B) 18 detached condominiums under construction, and (C) 30 vacant developed detached condo lots. Construction of the utility facilities to serve Woodfield Preserve Phase 2 (218 single family lots on approximately 70 acres) commenced in the fourth quarter of 2025 and completion is expected by the third quarter of 2026. Approximately 108 acres of developable land within the District have not been provided with water, wastewater, storm drainage, and detention facilities. The remaining approximately 1.25 acres within the District are located within the floodplain and are undevelopable. See “THE DISTRICT –Current Status of Development.”
- Homebuilder..... The homebuilder currently active within the District is Lennar Homes. The homes being built in the District range in price from approximately \$294,990 to \$454,990, with square footage ranging from approximately 1,279 to 3,637. See “THE DEVELOPER – Homebuilder within the District.”

THE BONDS

- Description The \$3,500,000 Shell Road Municipal Utility District Unlimited Tax Bonds, Series 2026 (the “Bonds”) mature serially in varying amounts on September 1 of each year from 2029 through 2050, inclusive, as set forth on the inside cover page hereof. Interest accrues from the Date of Initial Delivery (on or about June 25, 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. 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 levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” **The Bonds are obligations solely of the District and are not obligations of the City of Georgetown, Texas; Williamson 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 initial installment of bonds issued by the District. Therefore, the District has no payment history with respect to the repayment of bonded indebtedness.

Authority for Issuance The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 2020; the approving order of the TCEQ; and an order adopted by the Board of Directors of the District on the date of the sale of the Bonds authorizing the issuance of the Bonds (the “Bond Order”). See “THE BONDS - Authority for Issuance.”

Use of Proceeds The proceeds of the Bonds will be used to finance: (i) water and wastewater impact fees paid to the City; and (ii) land acquisition costs.

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 3, 2020, voters within the District authorized a total of \$245,000,000 in aggregate principal amount of unlimited tax bonds for acquiring or constructing water, wastewater, and drainage facilities. The Bonds constitute the first installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$241,500,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities. Additionally, at the election held in the District on November 3, 2020, the voters within the District approved the issuance of \$13,300,000 in aggregate principal amount of unlimited tax bonds for the acquisition and construction of parks and recreational facilities, \$19,550,000 in aggregate principal amount of unlimited tax bonds for the construction of roads, the issuance of refunding bonds in the principal amount of \$257,850,000 for water, wastewater, drainage and park and recreation bonds, and the issuance of refunding bonds in the principal amount of \$29,325,000 for road bonds, all of which remains authorized but unissued. The amount of unlimited tax new money bonds to be issued by the District is limited by the consent agreement between the District, the Developer, and the City (as amended, the “Consent Agreement” as defined herein), which provides, among other things, that the total principal amount of new money unlimited tax bonds to be issued by the District is currently limited to \$54,940,000, unless otherwise agreed to by the City. Pursuant to the Consent Agreement, after the issuance of the Bonds, the District will have \$51,440,000 of remaining new money unlimited tax bonds approved by the City for issuance. See “THE DEVELOPER – Consent Agreement with the City”, “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued – Table 5”, “- Outstanding Bonds – Table 6” and “THE BONDS – Issuance of Additional Debt.”

Municipal Bond Rating and Bond Insurance..... S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign a rating of “AA” (stable outlook) to the Bonds, as a result of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (“BAM” or the “Insurer”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “RISK FACTORS – Bond Insurance Risks.”

Qualified Tax-Exempt

Obligations The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and has represented 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 risk factors, 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)

2025 Certified Assessed Valuation	\$ 37,595,108	(a)
2026 Preliminary Assessed Valuation	\$ 71,221,742	(b)
Estimated Assessed Valuation as of April 1, 2026	\$ 83,795,000	(c)
Gross Debt Outstanding (after issuance of the Bonds)	\$ 3,500,000	(d)
Ratio of Gross Debt to 2025 Certified Assessed Valuation		9.31%
Ratio of Gross Debt to 2026 Preliminary Assessed Valuation		4.91%
Ratio of Gross Debt to Estimated Assessed Valuation as of April 1, 2026		4.18%
2025 Tax Rate		
Debt Service	\$ -	
Maintenance	<u>0.5500</u>	
Total 2025 Tax Rate	<u>\$ 0.5500</u>	(e)
Debt Service Fund Balance (after the issuance of the Bonds)	\$ 315,000	(f)
Percentage of current tax collections - Tax Year 2025	91.93%	(g)
Percentage of total tax collections - Tax Years (2023-2025)	97.31%	(g)
Average Annual Debt Service Requirement of the Bonds ("Average Requirement") (2029-2050, inclusive)	\$ 247,692	
Tax Rate required to pay Average Requirement based upon 2025 Certified Assessed Valuation at 95% collections	\$ 0.70	/\$100 AV
Tax Rate required to pay Average Requirement based upon 2026 Preliminary Assessed Valuation at 95% collections	\$ 0.37	/\$100 AV
Tax Rate required to pay Average Requirement based upon Estimated Assessed Valuation as of April 1, 2026 at 95% collections	\$ 0.32	/\$100 AV
Maximum Annual Debt Service Requirement of the Bonds ("Maximum Requirement") (2030)	\$ 277,188	
Tax Rate required to pay Maximum Requirement based upon 2025 Certified Assessed Valuation at 95% collections	\$ 0.78	/\$100 AV
Tax Rate required to pay Maximum Requirement based upon 2026 Preliminary Assessed Valuation at 95% collections	\$ 0.41	/\$100 AV
Tax Rate required to pay Maximum Requirement based upon Estimated Assessed Valuation as of April 1, 2026 at 95% collections	\$ 0.35	/\$100 AV
Number of connections as of April 1, 2026		
Single Family/Condo - complete and occupied	166	
Single Family/Condo - complete and unoccupied	4	
Single Family/Condo - builder	<u>30</u>	
Total Number of Connections	200	
Estimated Population as of April 1, 2026	498	(h)

[Footnotes appear on the following page]

- (a) The certified assessed valuation as of January 1, 2025, as provided by Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.”
- (b) The preliminary assessed valuation as January 1, 2026, as provided by WCAD. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) The estimated assessed valuation as of April 1, 2026, as provided by WCAD, is included solely for purposes of illustration. Taxes are levied on value as certified by WCAD as of January 1 of each year. Consequently, this estimate will not be used to produce the tax revenue for the District. See “TAXING PROCEDURES.”
- (d) The Bonds.
- (e) The District levied a 2025 maintenance only tax rate of \$0.5500 at its meeting in September 2025. The District intends to levy a maintenance and debt service tax rate for the 2026 tax year. See “TAXING PROCEDURES.”
- (f) Represents approximately twenty-four months’ capitalized interest (\$315,000) included in the Bond proceeds to be deposited into the Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.
- (g) See “TAX DATA – Tax Collections – Table 10.”
- (h) Based upon 3.0 residents per completed and occupied single-family home and detached condominium.

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OFFICIAL STATEMENT
relating to
\$3,500,000
SHELL ROAD MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Shell Road Municipal Utility District (the “District”), a political subdivision of the State of Texas (the “State”), of its \$3,500,000 Unlimited Tax Bonds, Series 2026 (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 authorizing the issuance of the Bonds (the “Bond Order”), Article XVI, Section 59 of the Texas Constitution, and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 2020; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

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, the Developer (defined herein), and development activity in the District. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. A reasonable number of 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” and “OFFICIAL STATEMENT – Updating the Official Statement During Underwriting Period” for a description of the District undertaking to provide certain information on a continuing basis.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the City of Georgetown, Texas (the “City”); Williamson County, Texas (the “County”); the State; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied 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 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 numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies.

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 Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of the Developer 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 will be implemented or, if implemented, will be successful.

Developer under No Obligation to the District: There is no commitment from, or obligation of, any developer 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 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" 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 2025 Certified Assessed Valuation of the District is \$37,595,108. After issuance of the Bonds, the Maximum Requirement will be \$277,188 (2030) and the Average Requirement will be \$247,692 (2029 through 2050, inclusive). Assuming (1) no increase or decrease from the 2025 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 \$0.78 and \$0.70 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively. The District's 2026 Preliminary Assessed Valuation is \$71,221,742. Based upon the assumptions above, tax rates of \$0.41 and \$0.37 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively. The District's Estimated Assessed Valuation as of April 1, 2026, is \$83,795,000. Based upon the assumptions above, tax rates of \$0.35 and \$0.32 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Maximum Requirement and the Average Requirement, respectively. See "DEBT SERVICE REQUIREMENTS – TABLE 3" and "TAX DATA - Tax Adequacy for Debt Service."

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

The ten principal taxpayers in the District represented \$18,557,306 or 49.36% of the District's 2025 Certified Taxable Assessed Valuation of \$37,595,108, and 22.15% of the Estimated Assessed Valuation as of April 1, 2026 of \$83,795,000. If the 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 Collections and Foreclosure Remedies” in this section, “TAX DATA – Principal Taxpayers – Table 12,” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

Undeveloped Acreage . . . Approximately 108 acres of developable land within the District had not been provided with water, wastewater, storm drainage, and detention facilities as of April 1, 2026. See “THE BONDS – Alteration of Boundaries” and “THE DISTRICT – Current Status of Development.” There is no assurance such undeveloped acreage will be developed.

Development and Home Construction in the District . . . As of April 1, 2026, approximately 248 developed single family lots and 30 developed detached condo lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. See “*Impact on District Tax Rates*” above.

Increase 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 developers or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State’s workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of a developer.

Operating Funds

The District levied a 2025 maintenance tax of \$0.55 per \$100 of assessed valuation. The District’s general fund balance as of May 20, 2026 was approximately \$157,501. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) increased amounts of maintenance tax revenue, and (3) developer advances. In the event that funds are not made available by the Developer, the District will be required to levy a maintenance tax at a rate sufficient (in combination with net revenues from the District’s utility operations) to fund its operating expenses. Such a tax, when added to the District’s debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See “THE SYSTEM – Operating Revenues and Expenses Statement – Table 2.”

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, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District’s tax rate. See “TAXING PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster.”

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

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 a 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 governmental immunity, 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.

Cybersecurity

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

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 involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A Federal bankruptcy court is a court of equity and Federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in 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 owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect 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 owners' claims against a district.

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

The “Financial Institutions Reform, Recovery, and Enforcement Act of 1989” (“FIRREA”), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) 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 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, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

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 April 1, 2026, approximately 208 acres of land within the District had been or is currently being developed with utility facilities by the Developer. According to Jones-Heroy & Associates, Inc., the District’s Engineer, the Developer has advanced approximately \$44,518,479 in construction costs, of which approximately \$42,631,711 will remain owing after the reimbursement to the Developer from proceeds of the Bonds.

The District anticipates that it may issue portions of its currently authorized but unissued bonds in installments over the next several years. Each future issue of unlimited tax 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). 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. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes levied against property in the District. The issuance of additional bonds is subject to approval by the Commission pursuant to its rules regarding issuance and feasibility of bonds. 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.

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. The Consent Agreement limits the amount of new money unlimited tax bonds to be issued by the District to \$54,940,000, unless otherwise agreed to by the City.

Governmental Approval

As required by law, engineering plans, specifications, and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed on April 7, 2026. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

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

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, which 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, competitive, 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.

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. 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.

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 drought conditions occur, 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 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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 floodplain. See “THE SYSEM – 100-Year Flood Plain.”

Environmental Regulation

General. 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.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (“EPA”) and the TCEQ may impact new industrial, commercial and residential development in the Austin-Round Rock Area. The Federal Clean Air Act (“CAA”) requires the EPA to adopt and periodically revise national ambient air quality standards (“NAAQS”) for each of the six regulated air pollutants that may reasonably be anticipated to endanger public health or welfare: ground-level ozone, lead, carbon monoxide, sulfur dioxide, nitrogen dioxide, and particulate matter.

When a pollutant concentration in an area exceeds the NAAQS for a given pollutant, the area can be designated as “nonattainment” by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve

air quality and “attain” compliance with the appropriate standard. This so-called State Implementation Plan (“SIP”) entails enforceable control measures and time frames.

In 1997, the EPA adopted the “8-hour” ozone standard of 80 parts per billion (“ppb”) (the “1997 Ozone Standard”) to protect public health and welfare. The Austin-Round Rock area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the “Austin-Round Rock Area”), was designated “attainment” on April 30, 2004, which became effective on June 15, 2004. In 2008, the EPA lowered the ozone standard from 80 ppb to 75 ppb (the “2008 Ozone Standard”). The Austin-Round Rock Area was designated as “attainment/unclassifiable” under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard from 75 ppb to 70 ppb (the “2015 Ozone Standard”). On November 16, 2017, the EPA designated the Austin-Round Rock Area as “attainment/unclassifiable” under the 2015 Ozone Standard, which became effective on January 16, 2018.

Although the Austin-Round Rock Area is currently designated an attainment/unclassifiable area, the Austin-Round Rock Area has been and continues to be near the non-attainment thresholds for the ozone standard. Accordingly, it is possible that the Austin-Round Rock Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. Specifically, should the Austin-Round Rock Area fail to achieve attainment/unclassifiable designation under EPA NAAQS, or should the Austin-Round Rock Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin-Round Rock Area may be subjected to serious repercussions pursuant to the CAA, including stricter emissions control requirements, mandatory sanctions, and a required Federal Implementation Plan (FIP) improved by the EPA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin-Round Rock Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA’s implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin-Round Rock Area in the future is uncertain.

In the past, the Austin-Round Rock Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. The Austin-Round Rock Area participated in the Capital Area Council of Governments (“CAPCOG”) Ozone Advance Program (“OAP”) as part of a voluntary regional 2019-2023 air quality plan focused on reducing ozone to keep the Austin-Round Rock Area in attainment with federal air quality standards. On February 7, 2024, the EPA announced a final rule to revise the primary annual PM_{2.5} (particulate matter) standard from its current level of 12.0 $\Phi\text{g}/\text{m}^3$ to 9.0 $\Phi\text{g}/\text{m}^3$. The EPA will likely designate non-attainment areas in early 2026. The non-attainment areas will have to come into compliance by 2032.

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 EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system.

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer

systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must 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, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Bond Insurance Risks

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any earlier due date of such principal by reason of mandatory or optional redemption, 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 redemption. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds which is recovered by the District from the owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy; however, such payments will be made by the bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such redemption by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Bond Order. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its ability to pay claims which is predicated upon a number of factors that 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.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency. No independent investigation into the ability of the Bond Insurer to pay claims has been made and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

THE BONDS

General Description

The Bonds will bear interest from the Date of Initial Delivery (on or about June 25, 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.

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.

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 optionally redeemed have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said optional 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 to be redeemed shall be selected and designated by the District, and if less than all of a maturity 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, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, and such interest rate, 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 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 the 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 is 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 3, 2020, voters within the District authorized a total of \$245,000,000 in aggregate principal amount of unlimited tax bonds for acquiring or constructing water, wastewater, and drainage facilities. The Bonds constitute the first installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$241,500,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities. Additionally, at the election held in the District on November 3, 2020, the voters within the District approved the issuance of \$13,300,000 in aggregate principal amount of unlimited tax bonds for the acquisition and construction of parks and recreational facilities, \$19,550,000 in aggregate principal amount of unlimited tax bonds for the construction of roads, the issuance of refunding bonds in the principal amount of \$257,850,000 for water, wastewater, drainage and park and recreation bonds, and the issuance of refunding bonds in the principal amount of \$29,325,000 for road bonds, all of which remains authorized but unissued. The amount of unlimited tax new money bonds to be issued by the District is limited by the consent agreement between the District, the Developer, and the City (as amended, the "Consent Agreement" as defined herein), which provides, among other things, that the total principal amount of new money unlimited tax bonds to be issued by the District is currently limited to \$54,940,000, unless otherwise agreed to by the City. Pursuant to the Consent Agreement, after the issuance of the Bonds, the District will have \$51,440,000 of remaining new money unlimited tax bonds approved by the City for issuance.

The Bonds are issued pursuant to the election held on November 3, 2020, the terms and provisions of the Bond Order, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of the TCEQ.

Source of and Security for Payment

The Bonds will be payable from and secured by a pledge of the proceeds of an annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while 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, and 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 of Georgetown, Texas (the "City") dissolves the District and assumes all debts and liabilities of the District.

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

Payment Record

The Bonds constitute the initial installment of bonds issued by the District. Therefore, the District has no payment history.

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 owner of the Bonds and the Outstanding 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 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 establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees with respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and 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 (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 water, wastewater, and drainage facilities as approved by TCEQ, 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 by the TCEQ.

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.

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 the 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.

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

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. On November 3, 2020, voters within the District authorized the issuance of unlimited tax bonds for water, wastewater, and drainage facilities in the principal amount of \$245,000,000, of which \$241,500,000 principal amount will remain authorized but unissued after the issuance of the Bonds. Additionally, at the election held in the District on November 3, 2020, the voters within the District approved the issuance of \$13,300,000 in aggregate principal amount of unlimited tax bonds for the acquisition and construction of parks and recreational facilities, \$19,550,000 in aggregate principal amount of unlimited tax bonds for the construction of roads, the issuance of refunding bonds in the principal amount of \$257,850,000 for water, wastewater, drainage and park and recreation bonds, and the issuance of refunding bonds in the principal amount of \$29,325,000 for road bonds, all of which remains authorized but unissued. The principal amount of park bonds sold by the District is limited to 1% of the District's assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes, subject to certain conditions. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District.

The amount of unlimited tax new money bonds to be issued by the District is limited by the Consent Agreement, which provides, among other things, that the total principal amount of new money unlimited tax bonds to be issued by the District is currently limited to \$54,940,000, unless otherwise agreed to by the City. Pursuant to the Consent Agreement, after the issuance of the Bonds, the District will have \$51,440,000 of remaining new money unlimited tax bonds approved by the City for issuance.

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 may be subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. 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. Any additional bonds issued by the District may dilute the security for the Bonds.

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) ("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 "BOND 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, so rests with 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 registered owners 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. v. 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 not performed under the authority, or for the benefit, of the State as 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 based 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, registered owners 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 registered owners 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.

Dissolution

The District lies entirely within the city limits of Georgetown. Under Texas law, the District may be dissolved in whole, but not in part, by the City without the consent of the District once the conditions for dissolution in the Consent Agreement have been satisfied. Under the Consent Agreement, the City agreed not to dissolve the District, in whole or in part, until after the expiration of the authorized period for the issuance of Bonds by the District as set forth in the Consent Agreement, which states that the last bond issuance shall not be later than the date that is ten (10) years after the date of the first bond issuance. See “THE DISTRICT – Consent Agreement with the City.” If dissolution of the District by the City does occur, the District would be abolished. When the District is abolished, the City must assume the assets, functions, and obligations of the District, including the Bonds. No representation is made concerning the likelihood of dissolution or the ability of the City to make debt service payments should dissolution occur.

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. No representation is made concerning the likelihood that the District will effect any change in its boundaries.

Approval of the Bonds

The TCEQ approved the issuance of the Bonds by an order signed on April 7, 2026 (the “TCEQ Order”).

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the quality of the Bonds as an investment, nor do they 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 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, (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, 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 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+" from 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 detailed information

from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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: (i) water and wastewater impact fees paid to the City; and (ii) land acquisition costs. 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 use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$2,529,488 is required for construction costs, and \$970,512 is required for non-construction costs, including \$315,000 of capitalized interest.

Construction Costs

A. Developer Contribution Items

None	\$ -
Total Developer Contribution Items	\$ -

B. District Items

1. Water and Wastewater Impact Fees	\$ 1,886,768
2. Land Costs	642,720
Total District Items	\$ 2,529,488
 Total Construction Costs	 \$ 2,529,488

Non-Construction Costs

A. Legal Fees (2.0%)	\$ 70,000
B. Fiscal Agent Fees (2.5%)	87,500
C. Interest Costs	
1. Capitalized Interest (approximately 24 months at 4.601189%)	315,000
2. Developer Interest ^(a)	278,848
D. Bond Discount (2.987%)	104,542
E. Bond Issuance Expenses	59,914
F. Bond Application Report	42,000
G. Attorney General Fee (0.10%)	3,500
H. TCEQ Bond Issuance Fee (0.25%)	8,750
I. Contingency ^(b)	459
Total Non-Construction Costs	\$ 970,512

TOTAL BOND ISSUE REQUIREMENT	\$ 3,500,000
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(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 (the "Reimbursement Report").

(b) The TCEQ, in its approval of the Bonds, directed any surplus Bond proceeds to be shown as a contingency line item and be subject to the TCEQ rules on use of surplus Bond funds.

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LOCATION MAP



Sheet 1 of 1	SHELL RD. MUD LOCATION MAP	
	Project Name: Shell Rd. MUD Project Number: 0285-002 Version: GIS Location Map Date: March 2019	
	0 1000 2000 4000 Feet	JONES - HEROY & ASSOCIATES, INC.  13915 N. Mopac Expy Suite 466 Austin, Texas 78728 Office: (512) 988-2200 Fax: (512) 988-2213 TBPE Reg. Firm F-406320

THE DISTRICT

General

The District was created by order of the TCEQ, effective October 14, 2019, and confirmed pursuant to an election held within the District on November 3, 2020, and operates pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District contains approximately 317.08 acres.

The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater, provide roads, and provide park and recreational facilities.

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 May in each even-numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Vanessa Stowe	President	2030	2.5 Years
Todd Janssen	Vice President	2030	5.5 Years
Ben Joyce	Secretary	2028	5.5 Years
Mark Hodges	Assistant Secretary	2028	5.5 Years
Vacancy			

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Williamson Central Appraisal District ("WCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Williamson County Tax Assessor/Collector, Mr. Larry Gaddes, currently serves the District in this capacity under contract.

Bookkeeper

Municipal Accounts & Consulting, L.P. serves as bookkeeper to the District. Such firm serves as bookkeeper to approximately 500 special districts.

Engineer

The District's consulting engineer is Jones-Heroy & Associates, Inc. (the "Engineer"). Such firm serves as consulting engineer to approximately 125 special districts.

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 ("Bond Counsel") and Disclosure Counsel ("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 city limits of Georgetown, is situated in northwestern Williamson County, and is located approximately 6 miles northwest of the central business district of the City. Access to the District is provided by Shell Road.

Current Status of Development

The District, as originally created, contained approximately 317.08 acres. Since the creation of the District, there have been no annexations or exclusions of land.

Of the approximately 317.08 acres within the District, approximately 315.83 are developable (“Developable Acreage”). As of April 1, 2026, utility facilities have been constructed on approximately 138 acres (or 43.70% of the Developable Acreage) as Woodfield Preserve Phases 1, 3, and 7, a residential subdivision that includes a total of 361 single-family lots comprised of: (i) 101 completed single family homes, (ii) 12 single family homes under construction, (iii) 248 vacant single family lots, and (iv) 1 stand-alone condominium lot (Woodfield Preserve Phase 7) that includes (A) 69 detached condominiums that are completed, (B) 18 detached condominiums under construction, and (C) 30 vacant developed detached condo lots. Construction of the utility facilities to serve Woodfield Preserve Phase 2 (218 single family lots on approximately 70 acres) commenced in the fourth quarter of 2025 and completion is expected by the third quarter of 2026. Approximately 108 acres of developable land within the District have not been provided with water, wastewater, storm drainage, and detention facilities. The remaining approximately 1.25 acres within the District are located within the floodplain and are undevelopable.

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

	Acreage	Platted Lots		Completed Units		Under Construction		Vacant	
		Single Family	Detached Condo	Single Family	Detached Condo	Single Family	Detached Condo	Single Family Lots	Detached Condo
A. Developed with Utility Facilities									
Woodfield Preserve Phase 1	42.93	132	-	101	-	9	-	22	-
Woodfield Preserve Phase 3	75.12	229	-	-	-	3	-	226	-
Woodfield Preserve Phase 7 ^(a)	19.96	-	1	-	69	-	18	-	30
Total	138.01	361	1	101	69	12	18	248	30
B. Utility Facilities Under Construction									
Woodfield Preserve Phase 2	70.00	218							
Total	70.00	218							
C. Total Developed/Under Construction	208.01	579							
D. Remaining Undeveloped but Developable Acreage	107.82								
E. Undevelopable Acreage (Floodplain)	1.25								
Total Acreage	317.08								

(a) At buildout, Woodfield Preserve Phase 7 will include 117 detached condominiums platted as one single lot.

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 amount of unissued bonds authorized at the Bond Election and currently permitted pursuant to the Consent Agreement is sufficient to reimburse the Developer for the existing utility facilities and provide utility services to the remaining undeveloped but developable acres within the District. See “THE BONDS – Issuance of Additional Debt.” The Developer is 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.

Consent Agreement with the City

By resolution dated May 14, 2019, the City approved an agreement among the City, the District, and the then-owners of the land within the District pursuant to which the City confirmed its consent to the creation of the District and the development of the land within the District, subject to the terms of the agreement (the "Original Consent Agreement"). After the Developer acquired the land within the District, the City and Lennar (defined herein) entered into the first amendment to Consent Agreement dated effective as of January 14, 2024 (as amended and restated, the "Consent Agreement") that superseded and replaced the Original Consent Agreement. Pursuant to the Consent Agreement, the Consent Agreement will continue in effect until the District has been dissolved by the City and the City or a property owners association has assumed all obligations of the District, or until terminated in writing by mutual agreement of the City and the District.

The Consent Agreement governs development within the District and sets forth certain terms and conditions governing construction, financing, operation, maintenance, and ownership of the water, wastewater, and drainage utilities, roads, and improvements in aid of roads, park and recreational facilities, and other public improvements serving the property within the District. Pursuant to the Consent Agreement, (a) the City is required to provide retail water and wastewater service sufficient for the full build-out of the District on the same basis as the City provides service to other similarly classified retail customers inside its corporate limits; and (b) the developers are required to design, finance, and construct the public improvements serving the property within the District at no cost to the City.

The Consent Agreement authorizes the District to issue bonds in accordance with applicable law and the Consent Agreement for certain authorized purposes, including funding the water, wastewater, drainage, transportation, and park and recreational improvements serving the District, the payment of certain expenses, and refunding outstanding bonds of the District for a debt service savings; however, (i) the total principal amount of bonds that can be issued for all purposes by the District pursuant to the Consent Agreement is limited to \$54,940,000, and (ii) prior to issuing bonds, the District must demonstrate to the City that it is feasible to sell the bonds and maintain a projected debt service tax rate of not more than \$0.55 per \$100 in assessed valuation on an annual basis. The term of any District bonds cannot exceed 25 years unless the City specifically approves a longer term for a particular bond issue, and no bonds may be issued having an issuance date more than 10 years from the date of the first issuance of bonds by the District. The District is restricted under Consent Agreement from issuing bonds or using bond proceeds for (a) purposes of operating, maintaining, repairing, or replacing infrastructure, facilities, or improvements, including parkland (the intent of the Consent Agreement being to limit the use of District bond proceeds to reimbursement for initial construction costs and certain routine expenses), and (b) impact fees for which the Developers will receive reimbursement or credit from the City pursuant to the Consent Agreement.

Pursuant to the Consent Agreement, the City has agreed not to seek dissolution of the District until after the expiration of the authorized period for the issuance of the Bonds by the District (ten years from the date of the first bond issuance).

THE DEVELOPER

General

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, a 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 a 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 Developer

The developer currently active within the District is Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership ("Lennar" or the "Developer"), of which U.S. Home, LLC, a Delaware limited liability company, serves as general partner. U.S. Home LLC is wholly-owned by Lennar Corporation, a publicly traded corporation whose stock is listed on the New York Stock Exchange.

On May 1, 2017, Green Builders Inc., a Texas corporation, purchased approximately 317.08 acres comprised of the District. On March 15, 2021, Green Builders Inc., and Lennar, entered into a Purchase and Sale Agreement ("PSA") for the purchase and sale of approximately 317.08 acres of land within the District. Subsequently, Lennar assigned the PSA to LSMA Georgetown LLC., a Texas limited liability company ("LSMA Georgetown"), a land banker for Lennar, who closed the transaction with Green Builders Inc. on

September 13, 2021. Prior to the September 13, 2021 closing, LSMA Georgetown and Lennar entered into construction and option agreements whereby Lennar had an option to construct and subsequently purchase the developable portion of the land within the District from LSMA Georgetown. On May 6, 2022, LSMA conveyed 8.35 acres to Williamson County, then on December 18, 2023, LSMA Georgetown conveyed a commercial tract on approximately 12.583 acres to Lock 1322 TXRE LP, a Texas domestic limited partnership, upon which construction of improvements has not yet begun. Lennar developed and acquired Woodfield Preserve Phases 1, 3, and 7 and commenced construction of Phase 2, under the agreement with LSMA Georgetown.

On May 28, 2025, LSMA Georgetown conveyed all its remaining assets within the District, 179 developed single-family lots in Woodfield Preserve Phase 3 and approximately 150 acres of raw land to Millrose Properties Texas, LLC, a Texas limited liability company ("Millrose Properties"), another land banker that serves the purpose of acquiring and holding land within the District while under development by Lennar. Millrose Properties was previously a wholly owned subsidiary of Lennar Corp., which, on February 7, 2025, completed the spin-off of Millrose, distributing approximately 80% of Millrose's stock to its stockholders. Following the spin-off, Millrose Properties became an independent company listed on the NYSE. As with LSMA Georgetown, Lennar entered into construction and option agreements whereby Lennar has an option to construct and subsequently purchase the developable portion of the land within the District from Millrose Properties. The roughly 150 acres of raw land that Millrose Properties currently owns is expected to be developed as Woodfield Preserve Phases 2 and 4. Lennar is currently in the process of developing Woodfield Phase 2 which comprises approximately 70 acres and 218 single-family lots within the District. Lennar manages the development of the lots within the District and has retained the right to reimbursement of the public infrastructure constructed on all such acreage. To date Lennar has completed the development of 471 single-family lots on approximately 136 acres and Lennar Homes is currently constructing and selling homes thereon.

Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at <http://phx.corporateir.net/phoenix.zhtml?c=65842&p=irol-irhome>. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Lennar can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning the Developer is included as part of the consolidated financial statements of Lennar Corporation. However, Lennar Corporation is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer nor Lennar Corporation is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor Lennar Corporation has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and Lennar Corporation is subject to change at any time.

Developer Financing

All constructed or proposed horizontal infrastructure improvements and the associated amenities have been or will be financed through corporate cash funding. Thus, there are currently no liens on the property within the District, nor will there be.

Homebuilder within the District

The homebuilder currently active within the District is Lennar Homes. The homes being built in the District range in price from approximately \$294,990 to \$454,990, with square footage ranging from approximately 1,279 to 3,637.

Utility Construction Agreement

The District has entered into a Utility Construction Agreement with the Developer covering all of the land within the District. This agreement governs the development of water, wastewater, and drainage facilities, roads, and park and recreational facilities on land within the District and the reimbursement for certain of the costs of such development through the issuance of bonds by the District.

Agricultural Waiver

The remaining approximately 108 acres of undeveloped land within the District is currently subject to an open space exemption. The District makes no representation that any future development of this acreage will occur. See “TAXING PROCEDURES – Property Subject to Taxation by the District.”

THE SYSTEM

Regulation

The District’s water, wastewater, and storm drainage facilities (the “System”) 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 and the City of Georgetown. According to the Engineer, the design of all such facilities has been approved by all governmental agencies that have approval over the District.

Operation of the District’s waterworks and wastewater facilities 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

The District lies within the city limits of Georgetown and the City provides potable water to residents of the District on a retail basis.

Pursuant to the Consent Agreement, the District has a commitment for water supply capacity sufficient to serve total buildout of the District (projected to be 1,398 living unit equivalents (“LUEs”). Under the Consent Agreement, the cost of certain water-related facilities and contract rights therefor is borne by the Developers, which is reimbursed by the District. The water facilities are transferred to Georgetown which then supplies retail water service to customers in the District. Accordingly, Georgetown will own, operate, and maintain the water system serving customers in the District. Georgetown, in turn, receives its potable water supply from Lake Georgetown and the Edwards Aquifer.

Water supplied by Georgetown is obtained by Georgetown pursuant to an agreement with the Brazos River Authority (“BRA”) for 11,000-acre feet of water per year from Lake Georgetown and from four wells in the Edwards Aquifer. Potable water from Georgetown is delivered to a 1.0-million-gallon concrete ground storage tank and then pumped via a booster pump station (containing two 1,800 gallons per minute centrifugal pumps, a comprehensive data control and alarm system, and auxiliary standby generator, and related appurtenances) through the 18-inch transmission line into the internal water distribution system within the District.

Retail water service is provided directly by Georgetown to customers in the District. Retail water customers in the District are charged Georgetown’s standard rates for retail water service to customers located inside of the City, as established by Georgetown from time to time.

Wastewater Collection and Treatment

The District lies within the city limits of Georgetown, and the City provides wastewater service to the District on a retail basis.

In accordance with the Consent Agreement, Georgetown will provide retail wastewater service to customers in the District, in an amount of wastewater treatment capacity sufficient to ultimately serve 1,398 LUEs. Such service is provided through Georgetown’s Dove Springs Wastewater Treatment Plant (the “Wastewater Plant”), which has a capacity of 2.5 million gallons per day (“mgd”) and is currently being expanded to a capacity of 10 mgd.

The Consent Agreement provides that the Developers are responsible for the construction and installation of internal sewer facilities required for the collection and delivery of wastewater to the Wastewater Plant. Such internal sewer facilities are conveyed by the Developers to Georgetown. Accordingly, Georgetown will own, operate, and maintain the wastewater system serving customers in the District.

Retail wastewater customers in the District are charged Georgetown’s standard rates for retail wastewater service to customers located inside of the City, as established by Georgetown from time to time.

Drainage System

The storm drainage system that serves the District consists of curb and guttered streets, storm sewers, and water quality ponds which outfall into Berry Creek, and ultimately to the San Gabriel River.

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance.

According to the District’s Engineer, approximately 1.25 acres within the District are currently located in the 100-year floodplain as shown in the Federal Emergency Management Agency Flood Insurance Rate Map No. 48491C0280E for Williamson County, Texas, dated December 20, 2019. No lots are developed nor are any expected to be developed on the approximately 1.25 acres that are located within the boundary of the 100-year floodplain.

In 2018, the National Weather Service completed a rainfall study known as Atlas 14. Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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 floodplain.

Water and Wastewater Operations - Rates and Fees - Table 1

Georgetown provides retail water and wastewater service to the residents of the District and establishes the rates and fees for such service, subject to change from time to time.

The rates and fees charged by Georgetown for retail water and wastewater services are published and updated from time to time by Georgetown on its official website. Please refer to Georgetown’s official websites for current rates and fees. **The rates and charges established by Georgetown 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.**

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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. This 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 Ended				
	4/30/2026^(a)	9/30/2025^(b)	9/30/2024^(b)	9/30/2023^(c)	9/30/2022^(c)
REVENUES					
Property taxes, including penalties	\$ 190,965	\$ 112,010	\$ 54,890	\$ -	\$ -
Interest and Other	2,671	4,204	1,828	9	5
Developer Advances	-	-	-	32,247	32,222
TOTAL REVENUES	\$ 193,636	\$ 116,214	\$ 56,718	\$ 32,256	\$ 32,227
EXPENDITURES					
Repairs/maintenance	\$ 22,123	\$ 16,050	\$ -	\$ -	\$ -
Legal fees	8,564	10,218	14,268	6,625	7,088
Engineering fees	4,249	8,443	4,709	2,069	1,623
Accounting fees	13,235	18,163	14,606	8,486	13,049
Audit fees	11,750	10,250	-	-	-
Financial Advisor Fees	2,675	2,525	980	-	-
Tax Appraisal/Collection fees	757	779	337	-	-
Public Notice	291	-	-	-	-
Director fees, including payroll fees	2,003	3,569	4,520	1,598	2,584
Insurance	3,874	3,277	3,250	1,969	1,449
Other	1,740	32,306 ^(d)	3,738	1,937	2,617
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 71,261	\$ 105,580	\$ 46,408	\$ 22,684	\$ 28,410
TOTAL REVENUE OVER/UNDER EXPENDITURES	\$ 122,375	\$ 10,634	\$ 10,310	\$ 9,572	\$ 3,817
Beginning Fund Balance	\$ 42,591	\$ 31,957	\$ 21,647	\$ 12,075	\$ 8,258
Plus / (Less): Fund Transfer	29,400^(d)	-	-	-	-
Ending Fund Balance	\$ 194,366	\$ 42,591	\$ 31,957	\$ 21,647	\$ 12,075

(a) Unaudited as of April 30, 2026. Partial year. Represents seven (7) months of the District’s current fiscal year.

(b) Audited.

(c) Unaudited. The District’s initial audit was performed for fiscal year ended September 30, 2024.

(d) Includes \$29,400 of bond issuance expenses related to the bond application report, which will be reimbursed to the General Fund from the proceeds of the Bonds upon closing.

DEBT SERVICE REQUIREMENTS – TABLE 3

Shell Road Municipal Utility District

\$3,500,000

Unlimited Tax Bonds, Series 2026

Dated Date: June 25, 2026

First Interest Payment Due: March 1, 2027

Year Ending 31-Dec	The Bonds				Principal and Interest	Total Debt Service Requirements
	Principal (Due 9/01)	(Due 3/01)	Interest (Due 9/01)	Total		
2027	\$ -	\$ 108,095	\$ 79,094	\$ 187,189	\$ 187,189	\$ 187,189
2028	-	79,094	79,094	158,188	158,188	158,188
2029	100,000	79,094	79,094	158,188	258,188	258,188
2030	125,000	76,094	76,094	152,188	277,188	277,188
2031	125,000	72,344	72,344	144,688	269,688	269,688
2032	125,000	68,594	68,594	137,188	262,188	262,188
2033	125,000	64,844	64,844	129,688	254,688	254,688
2034	125,000	61,484	61,484	122,969	247,969	247,969
2035	150,000	58,984	58,984	117,969	267,969	267,969
2036	150,000	55,984	55,984	111,969	261,969	261,969
2037	150,000	52,984	52,984	105,969	255,969	255,969
2038	150,000	49,984	49,984	99,969	249,969	249,969
2039	150,000	46,984	46,984	93,969	243,969	243,969
2040	150,000	43,984	43,984	87,969	237,969	237,969
2041	150,000	40,984	40,984	81,969	231,969	231,969
2042	175,000	37,984	37,984	75,969	250,969	250,969
2043	175,000	34,484	34,484	68,969	243,969	243,969
2044	175,000	30,875	30,875	61,750	236,750	236,750
2045	175,000	27,156	27,156	54,313	229,313	229,313
2046	200,000	23,328	23,328	46,656	246,656	246,656
2047	200,000	18,953	18,953	37,906	237,906	237,906
2048	200,000	14,453	14,453	28,906	228,906	228,906
2049	200,000	9,828	9,828	19,656	219,656	219,656
2050	225,000	5,203	5,203	10,406	235,406	235,406
	<u>\$ 3,500,000</u>	<u>\$ 1,161,798</u>	<u>\$ 1,132,797</u>	<u>\$ 2,294,595</u>	<u>\$ 5,794,595</u>	<u>\$ 5,794,595</u>

**FINANCIAL STATEMENT
(Unaudited)**

Assessed Value – Table 4

2025 Certified Assessed Valuation		\$	37,595,108 ^(a)
2026 Preliminary Assessed Valuation		\$	71,221,742 ^(b)
Estimated Assessed Valuation as of April 1, 2026		\$	83,795,000 ^(c)
Gross Debt Outstanding (after issuance of the Bonds)		\$	3,500,000 ^(d)
Ratio of Gross Debt to 2025 Certified Assessed Valuation			9.31%
Ratio of Gross Debt to 2026 Preliminary Assessed Valuation			4.91%
Ratio of Gross Debt to Estimated Assessed Valuation as of April 1, 2026			4.18%
2025 Tax Rate			
Debt Service		\$	-
Maintenance		<u>0.5500</u>	
Total 2025 Tax Rate		<u>\$</u>	<u>0.5500</u> ^(e)
Debt Service Fund Balance (after the issuance of the Bonds)		\$	315,000 ^(f)

- (a) The certified assessed valuation as of January 1, 2025, as provided by WCAD. See “TAXING PROCEDURES.”
- (b) The preliminary assessed valuation as January 1, 2026, as provided by WCAD. No taxes will be levied on this assessed valuation unless it is certified by WCAD. See “TAXING PROCEDURES.”
- (c) The estimated assessed valuation as of April 1, 2026, as provided by WCAD, is included solely for purposes of illustration. Taxes are levied on value as certified by WCAD as of January 1 of each year. Consequently, this estimate will not be used to produce the tax revenue for the District. See “TAXING PROCEDURES.”
- (d) The Bonds.
- (e) The District levied a 2025 maintenance only tax rate of \$0.5500 at its meeting in September 2025. The District intends to levy a maintenance and debt service tax rate for the 2026 tax year. See “TAXING PROCEDURES.”
- (f) Represents approximately twenty-four months’ capitalized interest (\$315,000) included in the Bond proceeds to be deposited into the Debt Service Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

Unlimited Tax Bonds Authorized but Unissued - Table 5

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/3/2020	Water, Wastewater, and Drainage	\$ 245,000,000	\$ 3,500,000 ^(a)	\$ 241,500,000 ^(b)
11/3/2020	Parks and Recreation Facilities	13,300,000	-	13,300,000 ^(b)
11/3/2020	Water, Wastewater, Drainage, and Parks and Recreation Refunding	257,850,000	-	257,850,000
11/3/2020	Roads	19,550,000	-	19,550,000 ^(b)
11/3/2020	Roads Refunding	<u>29,325,000</u>	<u>-</u>	<u>29,325,000</u>
Total		\$ 565,025,000	\$ 3,500,000	\$ 561,525,000

- (a) Includes the Bonds.
- (b) The Consent Agreement with the City limits the amount of bonds that can be issued to reimburse the Developer to \$54,940,000, unless otherwise agreed to by the City. See “THE DISTRICT – Consent Agreement with the City.”

Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds
A. New Money Bonds				
6/25/2026	Water, Sanitary Sewer, & Drainage	2026	\$ 3,500,000	\$ 3,500,000 ^(a)
	Total		<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>

(a) The Bonds.

Cash and Investment Balances - Table 7

General Fund	\$ 157,501 ^(a)
Debt Service Fund	315,000 ^(b)

(a) Unaudited as of May 20, 2026. \$29,400 of bond issuance expenses related to the bond application report will be reimbursed to the General Fund from the proceeds of the Bonds upon closing. See “RISK FACTORS – Operating Funds.”

(b) Represents approximately twenty-four (24) months of capitalized interest 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 State law, the District is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State 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 or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United 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 its successor, or the National Credit Union Share Insurance Fund (“NCUSIF”) or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list that the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District’s custodian of the banking deposits issued for the District’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the

certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) 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; (12) commercial paper with a stated maturity of 365 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; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. 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, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or a third party selected and approved by the District.

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 ten (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.

Political subdivisions such as the District are authorized to implement 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 (8) 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 (8) above, clauses (12) through (14) 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; and (iv) the agreement to lend securities has a term of one year or less.

Under State 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 State 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 District's 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, the ending market value, and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the 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) State law. No person may invest District funds without express written authority from the Board of Directors.

Current Investments - Table 8

The District, as of May 20, 2026, is invested in money markets. 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 investment, except those in which securities are not used as evidence of 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 May 20, 2026	
Money Market	\$	150,429
Cash		<u>7,072</u>
Total Investments	\$	<u>157,501</u>

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^(a)	Net Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Williamson County	1,261,500,000	4/30/2026	0.03%	330,464
City of Georgetown	506,995,000	4/30/2026	0.18%	924,981
Williamson Co. FM/RD	-	4/30/2026	0.00%	-
Georgetown Independent School District	1,096,480,000	4/30/2026	0.19%	<u>2,042,023</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 3,297,467
The District ^(b)	\$ 3,500,000	6/25/2026	100.00%	<u>\$ 3,500,000</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				<u>\$ 6,797,467</u>
Ratio of Estimated and Overlapping Debt to 2025 Certified Assessed Valuation				18.08%
Ratio of Estimated and Overlapping Debt to 2026 Preliminary Assessed Valuation				9.54%
Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of April 1, 2026				8.11%

(a) Taxing jurisdictions.

(b) The Bonds.

Overlapping Taxes for 2025

Overlapping Entity	2025 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill ^(a)
	Williamson County	Travis County
Williamson County	\$0.369447	\$ 1,547
City of Georgetown	0.353000	1,479
Williamson Co. FM/RD	0.044329	186
Georgetown Independent School District	1.050600	4,401
The District	0.550000	2,304
Total	\$2.36738	\$ 9,916

(a) Based upon the 2025 average taxable single-family home value of \$418,858 as provided by WCAD.

TAX DATA

Classification of Assessed Valuation - Table 9

Type Property	2025 ^(a)		2024 ^(a)		2023 ^(a)	
	Amount	%	Amount	%	Amount	%
Residential Single Family	\$ 17,737,176	47.18%	\$ -	0.00%	\$ -	0.00%
Vacant Platted Lots	1,549	0.00%	1,215,920	5.97%	-	0.00%
Qualified Open-Space Land	-	0.00%	-	0.00%	-	0.00%
Rural Land	13,504,698	35.92%	8,587,614	42.17%	10,158,432	101.79%
Commercial Personal Property	431,298	1.15%	107,516	0.53%	-	0.00%
Residential Inventory	25,315,018	67.34%	17,085,160	83.89%	-	0.00%
Totally Exempt Property	-	0.00%	-	0.00%	-	0.00%
Less: Adjustments	(19,394,631)	-51.59%	(6,630,818)	-32.56%	(178,483)	-1.79%
Total	\$ 37,595,108	100.00%	\$ 20,365,392	100.00%	\$ 9,979,949	100.00%

(a) Assessed Valuation reflects the adjusted value as of 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.

Tax Year	Assessed Valuation (a)	Tax Rate	Tax Levy	Total Collections		Year Ending
				Amount	%	
2023	\$ 9,979,949	0.5500	\$ 54,890	\$ 54,890	100.00%	9/30/2024 ^(b)
2024	20,365,392	0.5500	112,010	112,010	100.00%	9/30/2025 ^(b)
2025	37,595,108	0.5500	207,439	190,709	91.93%	9/30/2026 ^(c)

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

(b) Audited

(c) Unaudited tax collections as of March 31, 2026. Taxes were due with no penalty by January 31, 2026.

District Tax Rates - Table 11

	Tax Rate per \$100 Assessed Valuation		
	2025	2024	2023
Debt Service	\$ -	\$ -	\$ -
Maintenance	0.5500	0.5500	0.5500
Total	<u>\$ 0.5500</u>	<u>\$ 0.5500</u>	<u>\$ 0.5500</u>

Debt Service Tax

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

The Board will covenant in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax which, when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on such debt.

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 3, 2020, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown above under “District Tax Rates,” the District levied a 2025 maintenance and operation tax of \$0.55/\$100 assessed valuation. See “THE DISTRICT – General.”

Principal Taxpayers - Table 12

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

Principal Taxpayers	Type Property	2025 ^(a)	2024 ^(a)	2023 ^(a)
LSMA Georgetown LLC ^(b)	Land & Improvements	\$ 9,148,992	\$ 8,348,473	\$ 9,979,936
Millrose Properties Texas LLC ^(b)	Land & Improvements	5,059,184	(c)	(c)
Lock 1322 TXRE LP ^(d)	Land	1,025,211	823,374	(c)
Individual Homeowner	Land & Improvements	493,518	(c)	(c)
Individual Homeowner	Land & Improvements	493,516	(c)	(c)
Individual Homeowner	Land & Improvements	491,178	(c)	(c)
Individual Homeowner	Land & Improvements	490,031	(c)	(c)
Individual Homeowner	Land & Improvements	464,606	(c)	(c)
Individual Homeowner	Land & Improvements	447,023	(c)	(c)
Individual Homeowner	Land & Improvements	444,047	(c)	(c)
		\$18,557,306	\$ 9,171,847	\$ 9,979,936
Percent of Certified Assessed Valuation		49.36%	45.04%	100.00%

- (a) Assessed Valuation reflects the adjusted value as of September 30th of each respective year as included in the audited financial statement.
- (b) LSMA Georgetown LLC and Millrose Properties Texas LLC each serve as land banks for Lennar. See “THE DEVELOPER.”
- (c) Not a principal taxpayer in respective year.
- (d) The owner of approximately 12.58 acres within the District currently zoned for commercial development.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2025 Certified Assessed Valuation, the 2026 Preliminary Assessed Valuation, and the Estimated Assessed Valuation as of April 1, 2026, and utilize tax rates adequate to service the District’s total debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See “RISK FACTORS - Impact on District Tax Rates.”

Average Requirement on the Bonds (2029 through 2050).....	\$247,692
\$0.70 Tax Rate on 2025 Certified Assessed Valuation of \$37,595,108 @ 95% collections produce.....	\$250,007
\$0.37 Tax Rate on 2026 Preliminary Assessed Valuation of \$71,221,742 @ 95% collections produce.....	\$250,344
\$0.32 Tax Rate on Estimated Assessed Valuation as of April 1, 2026, of \$83,795,000 @ 95% collections produce.....	\$254,737
Maximum Requirement on the Bonds (2030).....	\$277,188
\$0.78 Tax Rate on 2025 Certified Assessed Valuation of \$37,595,108 @ 95%,552,670 collections produce.....	\$278,580
\$0.41 Tax Rate on 2026 Preliminary Assessed Valuation of \$71,221,742 @ 95% collections produce.....	\$277,409
\$0.35 Tax Rate on Estimated Assessed Valuation as of April 1, 2026, of \$83,795,000 @ 95% collections produce.....	\$278,618

Debt Service Fund Management Index

Capitalized Interest included in Bond Proceeds ^(a)	<u>\$315,000</u>
Total Available for Debt Service.....	\$315,000
Less: Debt Service Requirements for year ending 12/31/26 ^(b)	<u>0</u>
Projected Debt Service Fund Balance as of September 30, 2026.....	\$315,000

- (a) Represents approximately twenty-four (24) months of capitalized interest to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.
- (b) Interest payments on the Bonds begin March 1, 2027.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “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 water, wastewater, and drainage system and for the payment of certain contractual obligations, if authorized by its voters. See “TAX DATA – Maintenance Tax.”

Property Tax Code and County Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. WCAD has the responsibility for appraising property for all taxing units within Williamson County,

including the District. Such appraisal values are subject to review and change by the Williamson Central Appraisal Review Board (the "Appraisal Review Board").

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 of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; 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 offer such an exemption if a majority of voters approve it at an election. The District would 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 if such disability rating is less than 100%. 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who 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 if the exemption is adopted by the governing board of the political subdivision before July 1. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement: The City and Williamson County may designate all or part of the District as a reinvestment zone, and the District, Williamson County, and (after annexation of the area) the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all, or any part, of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

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

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by WCAD at one hundred percent (100%) of 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 use, 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 WCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in WCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by WCAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as WCAD 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.

Temporary Exemption for Qualified Property Damaged by a Disaster

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

District and Taxpayer Remedies

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 WCAD 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 the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. And 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 after January 31 of the following year. 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. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment, and the postponement of the delinquency date of taxes under certain circumstances.

The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

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.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, and any unused increment rates authorized by the Property Tax Code for the preceding tax year, are required to hold an election within the district to determine whether to approve the adopted total

tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for the Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, 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 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: The qualified voters of Developing Districts, upon a Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for the Developing District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district's status as a Special Taxing Unit, Developed District, or Developing District will be made by the board of directors of the district on an annual basis. The Board of Directors of the District designated the District a Developing District for purposes of the 2025 tax year, but the District cannot give any assurances as to what its classification will be at any future point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property 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 - 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 legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied by the District, 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, the application of the proceeds to be received from the issuance and 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 judgment 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 or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (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. 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 has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District covenants 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 made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This 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 six 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 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. 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 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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; 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. Neither the Bonds nor the Bond Order make any provision for a debt service reserve or a trustee.

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 for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or 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 the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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 a 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 Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words used in such clauses (15) and (16) above and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “– Annual Reports.” The District will provide each notice described in this “– Notice of Certain Events” caption to the MSRB in an electronic format and accompanied by identifying information as prescribed 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.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (i) 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 (ii) 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 registered 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

The Bonds represent the initial installment of bonds issued by the District; therefore, the District has not had to comply with any continuing disclosure undertaking 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 2023 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 – Current Status of Development” and “THE SYSTEM” – District Engineer; “FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued – Table 5” - Records of the District, “FINANCIAL STATEMENT” – WCAD; “FINANCIAL STATEMENT - Estimated Overlapping Debt Statement” - Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” – Williamson County Tax Assessor/Collector; “THE SYSTEM – Water and Wastewater Operations – Rate and Fees – Table 1” - Records; “THE DISTRICT - Management of the District” - District Directors; “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 in addition to the Financial Advisor.

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled “THE DISTRICT – Current Status of Development” and “THE SYSTEM,” has been provided by Jones-Heroy & Associates, Inc., and has been included in reliance upon the authority of said firm in the field of civil engineering.

The 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.

Updating the Official Statement during Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to 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 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.

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 bonds 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 Shell Road Municipal Utility District, as of the date shown on the first page hereof.

/s/ Vanessa Stowe
President, Board of Directors
Shell Road Municipal Utility District

/s/ Ben Joyce
Secretary, Board of Directors
Shell Road Municipal Utility District

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."







APPENDIX A
Audited Financial Statements

The information contained in this appendix includes the audited financial statements of Shell Road Municipal Utility District for the fiscal year ended September 30, 2025.

SHELL ROAD MUNICIPAL UTILITY DISTRICT
WILLIAMSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2025

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF WILLIAMSON }

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

Shell Road Municipal Utility District
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 27th day of January, 2026, 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 office, located at

100 Congress Avenue, Suite 1300, Austin, Texas 78701
(Address of District)

This annual 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 & Title of above District Representative)

Sworn to and subscribed to before me this the _____ day of _____, 2026.

(Seal) _____
(Signature of Notary)

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

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
Shell Road Municipal Utility District
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Shell Road Municipal Utility District (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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Shell Road Municipal Utility District

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 27, 2026

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Management's discussion and analysis of Shell Road Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$86,568 as of September 30, 2025.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 62,382	\$ 39,815	\$ 22,567
Total Assets	\$ 62,382	\$ 39,815	\$ 22,567
Due to Developer	\$ 129,159	\$ 129,159	\$
Other Liabilities	19,791	7,858	(11,933)
Total Liabilities	\$ 148,950	\$ 137,017	\$ (11,933)
Net Position:			
Unrestricted	\$ (86,568)	\$ (97,202)	\$ 10,634
Total Net Position	\$ (86,568)	\$ (97,202)	\$ 10,634

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

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 112,010	\$ 54,890	\$ 57,120
Other Revenues	3,693	1,828	1,865
Total Revenues	\$ 116,214	\$ 56,718	\$ 59,496
Expenses for:			
Services	\$ 76,180	\$ 46,408	\$ (29,772)
Debt Service	29,400		(29,400)
Total Expenses	\$ 105,580	\$ 46,408	\$ (59,172)
Change in Net Position	\$ 10,634	\$ 10,310	\$ 324
Net Position, Beginning of Year	(97,202)	(107,512)	10,310
Net Position, End of Year	\$ (86,568)	\$ (97,202)	\$ 10,634

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by \$10,634, primarily due to property tax revenues exceeding operating expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget and did not amend the budget for the current fiscal year. Actual revenues were \$6,003 more than budgeted revenues and actual expenditures were \$4,140 less than budgeted expenditures. Overall, fund balance increased \$10,143 more compared to budget.

LONG-TERM DEBT ACTIVITY

As of September 30, 2025, the District has issued no bonds and had no long-term debt outstanding. Voters of the District have authorized the issuance of bonds up to the amount of \$245,000,000 for water, wastewater and drainage system facilities, \$13,300,000 for parks and recreation facilities and \$19,550,000 for roads and road improvements.

At year end, District owes the Developer \$129,159 for advances used to fund operating activities; these advances will be repaid through future bond issues.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2026 projects \$82,917 increase to General Fund fund balance. Revenues are expected to be \$201,367 while expenditures are expected to be \$118,450. The District approved a tax rate for tax year 2025 (fiscal year 2026) of \$0.55 to fund general operations.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Shell Road Municipal Utility District, c/o Armbrust & Brown PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 6,589	\$	\$ 6,589
Investments	55,793		55,793
TOTAL ASSETS	\$ 62,382	\$ -0-	\$ 62,382
LIABILITIES			
Accounts Payable	\$ 19,791	\$	\$ 19,791
Due to Developers		129,159	129,159
TOTAL LIABILITIES	\$ 19,791	\$ 129,159	\$ 148,950
FUND BALANCE			
Unassigned	\$ 42,591	\$ (42,591)	\$ -0-
TOTAL FUND BALANCE	\$ 42,591	\$ (42,591)	\$ -0-
TOTAL LIABILITIES AND FUND BALANCE	\$ 62,382		
NET POSITION			
Unrestricted		\$ (86,568)	\$ (86,568)
TOTAL NET POSITION		\$ (86,568)	\$ (86,568)

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Total Fund Balance - Governmental Fund \$ 42,591

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

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. The liability at year end consisted of the following -

Due to Developer (129,159)

Total Net Position - Governmental Activities \$ (86,568)

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 112,010	\$	\$ 112,010
Penalty and Interest	511		511
Investment Revenues	3,693		3,693
TOTAL REVENUES	<u>\$ 116,214</u>	<u>\$ - 0 -</u>	<u>\$ 116,214</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 31,436	\$	\$ 31,436
Contracted Services	18,942		18,942
Repairs and Maintenance	16,050		16,050
Other	9,752		9,752
Debt Service -			
Bond Issuance Costs	29,400		29,400
TOTAL EXPENDITURES/EXPENSES	<u>\$ 105,580</u>	<u>\$ -0-</u>	<u>\$ 105,580</u>
NET CHANGE IN FUND BALANCE	\$ 10,634	\$ (10,634)	\$
CHANGE IN NET POSITION		10,634	10,634
FUND BALANCE/NET POSITION - OCTOBER 1, 2024	<u>31,957</u>	<u>(129,159)</u>	<u>(97,202)</u>
FUND BALANCE/NET POSITION - SEPTEMBER 30, 2025	<u>\$ 42,591</u>	<u>\$ (129,159)</u>	<u>\$ (86,568)</u>

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

Shell Road Municipal Utility District (the “District”) was created, organized and established on October 14, 2019 by Order of the Texas Commission on Environmental Quality (the “Commission”) and confirmed at an election held on November 3, 2020. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water and wastewater services, storm sewer drainage and to construct road improvements and parks and recreational facilities for the residents of the District. 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 held its first meeting on January 24, 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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:

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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

Government-Wide Financial Statements

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

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

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

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Fund

The District has one governmental fund and considers this fund to be a major fund.

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

Basis of Accounting

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

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

Budgeting

An unappropriated budget was adopted for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

As of September 30, 2025, the District had authorized but unissued bonds in the amount of \$245,000,000 for water, wastewater and drainage system facilities, \$13,300,000 for parks and recreation facilities and \$19,550,000 for roads. The District also had authorized but unissued bonds in the amount of \$257,850,000 for refunding utility and park and recreational facilities bonds and \$29,325,000 for refunding road bonds. As of September 30, 2025, the District had no outstanding bond debt.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits and the bank balance was \$6,589. The District was not exposed to custodial credit risk at year-end.

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of September 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	<u>\$ 55,793</u>	<u>\$ 55,793</u>

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District's investments in Texas CLASS were rated AAAM by Standard and Poor's. As of September 30, 2025, the District's bank deposits were fully covered by FDIC insurance.

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

NOTE 5. MAINTENANCE TAX

On November 3, 2020, voters of the District approved the levy and collection of a maintenance tax for operations and maintenance of all District facilities not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.55 per \$100 of assessed valuation, which resulted in a tax levy of \$112,010 on the adjusted taxable valuation of \$20,365,392 for the 2024 tax year.

NOTE 6. UNREIMBURSED COSTS

The Developer of the land within the District will incur costs for the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future bond issues or from District operations, subject to approval by the Commission. On November 3, 2020, a bond election held within the District approved authorization to issue \$245,000,000 of bonds to fund costs of proposed water, wastewater and drainage system facilities and the costs of creation. Additionally, \$13,300,000 of bonds to fund costs for parks and recreational facilities and \$19,550,000 of bonds to road improvements were approved by voters of the District. As of September 30, 2025, the District has not issued any bonds to repay the Developer. The District owes the Developer \$129,159 for advances used to fund operations.

SHELL ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 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 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.

NOTE 8 CONSENT AGREEMENT - CITY OF GEORGETOWN

Pursuant to the Consent Agreement entered into by the District, the Developer and the City of Georgetown (the “City”), effective January 24, 2020, and as amended on January 14, 2024, the District and the Developer will design, finance, and construct all water and wastewater facilities and road improvements required to serve the District in accordance with applicable City requirements and design standards. Upon completion of the construction of the utility facilities and road improvements constructed by or on behalf of the District, and following the City’s acceptance of such utility facilities and road improvements, the utility facilities and road improvements will be conveyed to the City. In exchange for the conveyance of the water and wastewater facilities to serve the District, the City agrees to operate and maintain all utility facilities conveyed and to provide retail water and wastewater service to customers within the District under the City’s standard rules and policies. The City is also obligated to maintain the road improvements conveyed by the District. The Consent Agreement will continue in effect until the District is dissolved.

Pursuant to GASB Statement No. 94, these conveyed utility facilities and road improvements will be considered capital assets of the District and depreciated over their estimated useful lives.

NOTE 9. ECONOMIC DEPENDENCY

The District’s Developers own the majority of the taxable property in the District. The District’s ability to meet its obligations is dependent on the developers’ ability to pay future property taxes or fund operating advances to the District.

SHELL ROAD MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$ 109,196	\$ 112,010	\$ 2,814
Penalty and Interest	5	511	506
Investment Revenues	<u>1,010</u>	<u>3,693</u>	<u>2,683</u>
TOTAL REVENUES	<u>\$ 110,211</u>	<u>\$ 116,214</u>	<u>\$ 6,003</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 41,000	\$ 31,436	\$ 9,564
Contracted Services	15,400	18,942	(3,542)
Repairs and Maintenance	38,250	16,050	22,200
Other	15,070	9,752	5,318
Bond Issuance Costs	<u> </u>	<u>29,400</u>	<u>(29,400)</u>
TOTAL EXPENDITURES	<u>\$ 109,720</u>	<u>\$ 105,580</u>	<u>\$ 4,140</u>
NET CHANGE IN FUND BALANCE	\$ 491	\$ 10,634	\$ 10,143
FUND BALANCE - OCTOBER 1, 2024	<u>31,957</u>	<u>31,957</u>	<u> </u>
FUND BALANCE - SEPTEMBER 30, 2025	<u>\$ 32,448</u>	<u>\$ 42,591</u>	<u>\$ 10,143</u>

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

SEPTEMBER 30, 2025

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

2. WHOLESALE SERVICE PROVIDERS

Retail water and wastewater service will be provided to District residents by the City of Georgetown. See Note 8.

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

See accompanying independent auditor’s report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely X Partly Not at all

City in which District is located:

City of Georgetown, Texas

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

Entirely Partly Not at all X

ETJ in which District is located:

N/A

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 10,250
Engineering	8,443
Legal	10,218
Financial Advisor	<u>2,525</u>
TOTAL PROFESSIONAL FEES	<u>\$ 31,436</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 662
Bookkeeping	18,163
Tax Collector	<u>117</u>
TOTAL CONTRACTED SERVICES	<u>\$ 18,942</u>
REPAIRS AND MAINTENANCE	<u>\$ 16,050</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 3,569
Insurance	3,277
Office Supplies and Postage	985
Travel and Meetings	209
Other	<u>1,712</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 9,752</u>
BOND ISSUANCE COSTS	<u>\$ 29,400</u>
TOTAL EXPENDITURES	<u>\$ 105,580</u>

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2025**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 55,791	\$ - 0 -
Texas CLASS	XXXX0002	Varies	Daily	<u>2</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 55,793</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Maintenance Taxes	
TAXES RECEIVABLE -		
OCTOBER 1, 2024	\$ -0-	
Adjustments to Beginning		
Balance	_____	\$ -0-
Original 2024 Tax Levy	\$ 112,012	
Adjustment to 2024 Tax Levy	_____ (2)	112,010
TOTAL TO BE		
ACCOUNTED FOR		\$ 112,010
 TAX COLLECTIONS:		
Prior Years	\$	
Current Year	_____ 112,010	112,010
 TAXES RECEIVABLE -		
SEPTEMBER 30, 2025		\$ -0-

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	2024	2023
PROPERTY VALUATIONS:		
Land	\$ 26,888,694	\$ 10,158,432
Personal Property	107,516	
Exemptions	(6,630,818)	(178,483)
TOTAL PROPERTY VALUATIONS (a)	\$ 20,365,392	\$ 9,979,949
TAX RATES PER \$100 VALUATION -		
Maintenance	\$ 0.5500	\$ 0.5500
ADJUSTED TAX LEVY*	\$ 112,010	\$ 54,890
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED **		
	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on November 3, 2020.

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

** Calculated as taxes collected in current and previous years divided by the tax levy. Calculated as of the time of the original tax levy and may vary from that provided in the District’s bond offering documents or the District’s annual disclosure filings.

See accompanying independent auditor’s report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023*
REVENUES			
Property Taxes	\$ 112,010	\$ 54,890	\$
Penalty and Interest	511		
Developer Advances			32,247
Investment and Miscellaneous Revenues	3,693	1,828	9
TOTAL REVENUES	\$ 116,214	\$ 56,718	\$ 32,256
EXPENDITURES			
Professional Fees	\$ 31,436	\$ 19,957	\$ 8,694
Contracted Services	18,942	14,943	8,486
Repairs and Maintenance	16,050		
Other	9,752	11,508	5,504
Bond Issuance Costs	29,400		
TOTAL EXPENDITURES	\$ 105,580	\$ 46,408	\$ 22,684
NET CHANGE IN FUND BALANCE	\$ 10,634	\$ 10,310	\$ 9,572
BEGINNING FUND BALANCE (DEFICIT)	31,957	21,647	12,075
ENDING FUND BALANCE	\$ 42,591	\$ 31,957	\$ 21,647

* Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022*</u>	<u>2021*</u>	<u>2025</u>	<u>2024</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>
\$	\$	96.4 %	96.8 %	%	%	%
		0.4				
32,222	32,690			100.0	100.0	100.0
<u>5</u>	<u>1</u>	<u>3.2</u>	<u>3.2</u>			
\$ 32,227	\$ 32,691	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 8,711	\$ 5,973	27.0 %	35.2 %	27.0 %	27.0 %	18.2 %
13,049	7,786	16.3	26.3	26.3	40.5	23.8
		13.8				
6,650	8,226	8.4	20.3	17.1	20.7	25.2
		<u>25.3</u>				
\$ 28,410	\$ 21,985	90.8 %	81.8 %	70.4 %	88.2 %	67.2 %
\$ 3,817	\$ 10,706	9.2 %	18.2 %	29.6 %	11.8 %	32.8
8,258	(2,448)					
\$ 12,075	\$ 8,258					

See accompanying independent auditor's report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025**

District Mailing Address - Shell Road Municipal Utility District
c/o Armbrust & Brown PLLC
100 Congress Avenue, Suite 1300
Austin, TX 78701

District Telephone Number - (512) 435-2300

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>September 30, 2025</u>	Expense Reimbursements for the year ended <u>September 30, 2025</u>	<u>Title</u>
Vanessa Stowe	08/2023 05/2026 (Appointed)	\$ 663	\$ -0-	President
Todd Janssen	05/2022 05/2026 (Elected)	\$ 663	\$ -0-	Vice President
Ben Joyce	05/2024 05/2028 (Elected)	\$ 663	\$ -0-	Secretary
Christine Potts	05/2024 05/2028 (Elected)	\$ 663	\$ -0-	Assistant Secretary
Mark Hodges	05/2024 05/2028 (Elected)	\$ 663	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: August 28, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 7, 2023. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025**

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended September 30, 2025</u>	<u>Title</u>
McLean & Howard, LLP	01/24/2020	\$ 11,772	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/05/2024	\$ 10,250	Auditor
Municipal Accounts & Consulting, L.P.	01/24/2020	\$ 18,635	Bookkeeper
Jones-Heroy & Associates, Inc.	01/24/2020	\$ 8,613 \$ 29,400	Engineer Bond Related
Public Finance Group, LLC	08/07/2023	\$ 2,600	Financial Advisor
Mark Burton and Ghia Lewis	01/24/2020	\$ -0-	Investment Officer
Williamson County Tax Assessor/Collector	03/28/2023	\$ 117	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B
Form of Bond Counsel Opinion

[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.]

**SHELL ROAD MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,500,000**

AS BOND COUNSEL FOR SHELL ROAD MUNICIPAL UTILITY DISTRICT (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 May 20, 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 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.

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 purposes 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,

APPENDIX C
Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

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

Telecopy:

212-962-1524 (attention: Claims)

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