OFFICIAL NOTICE OF SALE DATED AUGUST 21, 2026

$2,330,000
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
(A Political Subdivision of the State of Texas Located in Travis County, Texas)

UNLIMITED TAX BONDS, SERIES 2026

Bids Due: Wednesday, September 2, 2026 by 10:00 A.M., C.D.T.

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

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

THE SALE

Bonds Offered for Sale at Competitive Bidding . . . The District is offering for sale $2,330,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"). Sealed Bids may be submitted by either of two alternative procedures: (i) electronic bids through the Parity Electronic Bid Submission System ("PARITY") or (ii) electronic mail in the event PARITY is not available. Prospective bidders may select either of the two alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Public Finance Group LLC, assumes any responsibility or liability for a prospective bidding procedure.

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

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

Procedure Number 1: Electronic Bidding Procedures. . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between 8:00 A.M., C.D.T. and 9:00 A.M., C.D.T., on Wednesday, September 2, 2026 (the "date of the bid opening").

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

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

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

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

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

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

Procedure Number 2: Bids by Electronic Mail (only in the event PARITY is unavailable) . . . Any prospective bidder that intends to submit a bid by electronic mail must submit its bid between 9:00 A.M. C.D.T., and 10:00 A.M., C.D.T., on the date of the bid opening. Electronic mail bids to the attention of Cheryl Allen will be accepted at callen@publicfinancegrp.com. All bids must be submitted on the "Official Bid Form" without alteration or interlineations. Copies of the Official Bid Form accompany the Preliminary Official Statement.

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

Signed Official Bid Forms . . . The bidder whose bid is the lowest bid in accordance with this Notice of Sale will be notified immediately by Public Finance Group LLC and must submit via electronic mail a Signed Official Bid Form by 10:30 A.M., C.D.T. in connection with the sale on the date of the bid opening to Cheryl Allen, Public Finance Group LLC, callen@publicfinancegrp.com.

Place and Time of Bid Opening . . . The Board will publicly review bids for the purchase of the Bonds at the designated meeting place outside the boundaries of the District, at Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701, at 12:00 P.M., C.D.T. on the date of the bid opening.

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

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

Extension of Sale Date . . . The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 P.M., C.D.T. on Tuesday, September 1, 2026, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE BONDS

Description of Bonds . . . The Bonds will be dated October 7, 2026 and interest on the Bonds will be payable March 1, 2027, and semiannually thereafter on September 1 and March 1 until maturity or earlier redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent").

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

Maturity (September 1)	Principal Amount	Maturity (September 1)	Principal Amount
2027	$ 260,000	2033	$ 175,000
2028	270,000	2034	180,000
2029	275,000	2035	180,000
2030	255,000	2036	185,000
2031	165,000	2037	185,000
2032	170,000	2038	30,000

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

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

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

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

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

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

Municipal Bond Rating or Insurance . . . In connection with the sale of the Bonds, the District has made an application to Moody's Investors Service, Inc. ("Moody's") for a municipal bond rating and has received a "A3" underlying rating. In addition, the District has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Bonds and has qualified for such insurance. The purchase of such insurance and the payment of all associated costs, if available, will be at the option and expense of the Initial Purchaser (as defined herein).

CONDITIONS OF SALE

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

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

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

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

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

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

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

In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and, unless the bidder is exempt

from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is the name of the governmental entity (*Travis County Municipal Utility District No. 2*) and box 3 is the identification number assigned to this contract by the District (*TravisCountyMUD2-UTB-2026*) and description of the goods or services (*Purchase of the Travis County Municipal Utility District No. 2 Unlimited Tax Bonds, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the District to complete the TEC Form 1295 electronically at https://www.ethics.state.tx.us/main/file.htm, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the District. The completed and signed TEC Form 1295 must be sent by email, to the District's financial advisor at callen@publicfinancegrp.com as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: hmack@mphlegal.com and rroy@mphlegal.com.

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

Good Faith Deposit . . . A bank cashier's check, payable to the order of "Travis County Municipal Utility District No. 2," in the amount of $93,200, which is 4% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the District pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to accept and pay for the Bonds in accordance with its bid, then said check shall be cashed and accepted by the District and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the District that the Purchaser was found not to satisfy the requirements described under "Verifications of Statutory Representations and Covenants" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the District but shall not be the sole or exclusive remedy available to the District. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of initial delivery of the Bonds.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the District.

Verifications of Statutory Representations and Covenants . . . The District will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2270, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the Official Bid Form. The Official Bid Form, once submitted by the bidder and accepted by the District, constitutes a contract for purposes of such verifications. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of Securities and Exchange Commission ("SEC") Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the Official Bid Form shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form and this Official Notice of Sale (collectively, the "Agreement"), notwithstanding anything in the Agreement to the contrary.

(i) **Not a Sanctioned Company (Government Code, Chapters 2252 and 2270):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

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

(iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Government Code, Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do

not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

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

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

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

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

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

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF SALE - Good Faith Deposit"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2270, 2271, 2274, AND 2276, GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE "COVERED VERIFICATIONS") SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THE AGREEMENT. ADDITIONALLY, THE DISTRICT RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

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

OFFICIAL STATEMENT

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

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

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

Delivery of Official Statements . . . The District will furnish to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements requested but not in excess of 250 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above in "OFFICIAL STATEMENT - Changes to Official Statement During Underwriting Period" as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 25th day after the "end of the underwriting period" within the meaning of the Rule. The District will pay the expense of preparing up to 250 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

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

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery . . . The Bonds will be tendered to the Initial Purchaser as a single typewritten, photocopied, or otherwise reproduced bond payable in installments in fully registered form in the aggregate principal amount of $2,330,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, manually signed by the President and Secretary of the Board of Directors, or executed by the facsimile signatures of the President and Secretary of the Board of Directors, and approved by the Attorney General of the State and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Initial delivery will be at the designated office for payment of the Paying Agent in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about Wednesday, October 7, 2026 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 11:00 A.M., C.D.T., on Wednesday, October 7, 2026 or thereafter on the date the Bonds are tendered for delivery up to and including Friday, November 6, 2026. If the Initial Purchaser should fail or refuse to accept delivery and make payment for the bonds in accordance with the immediately preceding sentence, the Good Faith Deposit check will be cashed and accepted as full and complete liquidated damages. If for any reason the District is unable to make delivery on or before Friday, November 6, 2026, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within five (5) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

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

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

Conditions to Delivery . . . The obligation of the Initial Purchaser to accept and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas and the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the District ("Bond Counsel"), the no-litigation certificate, all described below, and the non-occurrence of the events described below under "No Material Adverse Change" and no appeal of the TCEQ order. See "TCEQ Approval" below. In addition, if the District

fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

Legal Opinions . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District, and (3) pursuant to the Internal Revenue Code of 1986, as amended, (the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from the gross income, and will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

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

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

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

For purposes of this section of this Notice of Sale:

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

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

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

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

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

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

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

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

Qualified Tax-Exempt Obligations for Financial Institutions . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a "financial institution" allocable to a tax-exempt obligation, other than "private activity bonds," which are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any subordinate issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as referring to any corporation described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business which is subject to federal or state supervision as a financial institution.

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

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

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

TCEQ Approval . . . The Texas Commission on Environmental Quality ("TCEQ") approved the issuance of the Bonds by an order dated July 1, 2026 (the "TCEQ Order").

CONTINUING DISCLOSURE

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

GENERAL CONSIDERATIONS

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

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

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

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

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

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

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

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

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

Board of Directors
Travis County Municipal Utility District No. 2

August 21, 2026

OFFICIAL BID FORM

President and Board of Directors

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of Travis County Municipal Utility District No. 2 (the "District") relating to its $2,330,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), which by reference are made a part hereof. We recognize the special investment considerations involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale, and the Preliminary Official Statement, for a cash price of $_____ (which represents _____% of par value), provided such Bonds mature September 1 and bear interest in each year at the following rates:

Maturity* (September 1)	Principal Amount	Interest Rate	Maturity* (September 1)	Principal Amount	Interest Rate
2027	$ 260,000	_____%	2033	$ 175,000	_____%
2028	270,000	_____%	2034	180,000	_____%
2029	275,000	_____%	2035	180,000	_____%
2030	255,000	_____%	2036	185,000	_____%
2031	165,000	_____%	2037	185,000	_____%
2032	170,000	_____%	2038	30,000	_____%

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

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

Total Interest Cost ..... $_____

Plus: Cash Discount ..... $_____

Net Interest Cost..... $_____

Net Effective Interest Rate ..... _____%

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

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

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

Cashier's Check No. _____, issued by _____ Bank, _____, Texas and payable to your order in the amount of $93,200 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us, expect as otherwise provided in the Agreement with respect to the Covered Verifications (defined below). We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

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

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

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2270, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form and the Notice of Sale (collectively, the "Agreement"), notwithstanding anything in the Agreement to the contrary.

(i) Not a Sanctioned Company (Government Code, Chapters 2252 and 2270). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(ii) No Boycott of Israel Verification (Government Code, Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

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

(iv) No Boycott of Energy Companies (Government Code, Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

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

ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2270, 2271, 2274, and 2276, Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Agreement This Official Bid Form, once submitted and accepted by the District, constitutes a contract for the purposes of the Covered Verifications. Additionally, the Purchaser acknowledges and agrees that the District reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

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

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

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

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

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

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

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

Respectfully submitted,

(Syndicate members, if any)

_____ _____

_____ _____

_____ By:_____

(Authorized Representative)

Phone Number: _____

ACCEPTANCE CLAUSE

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

ATTEST:

_____ _____

Secretary, Board of Directors President, Board of Directors

BOND YEARS

Interest Accrues From: October 7, 2026 **Due: September 1**

Year	Amount	Bond Years	Cumulative Bond Years	Year
2027	$ 260,000	259.28	259.28	2027
2028	270,000	539.25	798.53	2028
2029	275,000	824.24	1,622.76	2029
2030	255,000	1,019.29	2,642.06	2030
2031	165,000	824.54	3,466.60	2031
2032	170,000	1,019.53	4,486.13	2032
2033	175,000	1,224.51	5,710.64	2033
2034	180,000	1,439.50	7,150.14	2034
2035	180,000	1,619.50	8,769.64	2035
2036	185,000	1,849.49	10,619.13	2036
2037	185,000	2,034.49	12,653.61	2037
2038	30,000	359.92	13,013.53	2038

Total Bond Years: 13,013.53
Average Maturity: 5.585205 Years

CERTIFICATE OF ISSUE PRICE

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2026 issued by Travis County Municipal Utility District No. 2 ("Issuer") in the principal amount of $2,330,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

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

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

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

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

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

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By:_____

Name:_____

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

CERTIFICATE OF ISSUE PRICE

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2026 issued by Travis County Municipal Utility District No. 2 ("Issuer") in the principal amount of $2,330,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

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

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

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

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

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

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By:_____

Name:_____

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

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

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 21, 2026

NEW ISSUE -BOOK-ENTRY ONLY

Ratings: Moody's Underlying "A3"
See "MUNICIPAL BOND RATING AND BOND INSURANCE"

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 thereof of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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

$2,330,000

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

(A Political Subdivision of the State of Texas Located in Travis County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

Dated: October 7, 2026 **Due: September 1, as shown on the inside cover page**

Interest on the $2,330,000 "Travis County Municipal Utility District No. 2 (the "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/registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds are obligations solely of the District and are not obligations of the City of Manor, Texas; Travis County, Texas; the State of Texas; or any entity other than the District.

The District has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Bonds. The purchase of municipal bond insurance, if any, will be at the option and expense of the initial purchaser of the Bonds (the "Initial Purchaser"). See "MUNICIPAL BOND RATING AND INSURANCE."

The proceeds of the Bonds will be used to finance the following: (i) water, wastewater, and drainage facilities serving ShadowGlen Phase Two, Section 18A, (ii) engineering fees associated with item (i), and (iii) operating advances made to the District. The remaining Bond proceeds will be used to: (i) capitalize approximately twelve (12) months' interest requirements on the Bonds; (ii) pay developer interest; and (iii) pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

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 a continuing, 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 INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by 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. Delivery of the Bonds is expected through the facilities of DTC on or about October 7, 2026 (the "Date of Initial Delivery") in Austin, Texas.

BIDS DUE: WEDNESDAY, SEPTEMBER 2, 2026 BY 10:00 A.M., C.D.T.
AWARD EXPECTED: 12:00 P.M., C.D.T.

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

CUSIP Prefix: 89439D

Due		Principal Amount	Interest Rate [(a)]	Initial Reoffering Yield [(b)]	CUSIP Suffix [(c)]	Due		Principal Amount	Interest Rate [(a)]	Initial Reoffering Yield [(b)]	CUSIP Suffix [(c)]
2027		$ 260,000	_____%	_____%	_____	2033	*	$ 175,000	_____%	_____%	_____
2028		270,000	_____%	_____%	_____	2034	*	180,000	_____%	_____%	_____
2029		275,000	_____%	_____%	_____	2035	*	180,000	_____%	_____%	_____
2030		255,000	_____%	_____%	_____	2036	*	185,000	_____%	_____%	_____
2031		165,000	_____%	_____%	_____	2037	*	185,000	_____%	_____%	_____
2032		170,000	_____%	_____%	_____	2038	*	30,000	_____%	_____%	_____

_____

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

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

(c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services provided by CUSIP Global Services. Neither the Initial Purchaser, the District, nor Public Finance Group LLC, the District's financial advisor (the "Financial Advisor"), is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancements by investors that is applicable to all or a portion of certain maturities of the Bonds.

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APPENDIX B – Form of Bond Counsel Opinion

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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 opinion, 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.

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" and "CONTINUING DISCLOSURE OF INFORMATION."

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

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-

allot or effect transactions which stabilize or maintain the market prices 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 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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

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

MUNICIPAL BOND RATING AND INSURANCE

In connection with the sale of the Bonds, the District has made application to Moody's Investors Service, Inc. ("Moody's") for a municipal bond rating and has received a "A3" underlying rating.

An explanation of the significance of a rating may be obtained from Moody's, 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 judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District has made application for an insurance policy insuring the timely payment of the principal of and interest on the Bonds. The purchase of such insurance and the payment of all associated costs, if any, will be at the option and expense of the Initial Purchaser.

[The remainder of this page intentionally left blank]

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement (which includes the Appendices attached hereto). 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 (which includes the Appendices attached hereto). Investment in the Bonds is subject to certain investment considerations. See "INVESTMENT CONSIDERATIONS."

THE DISTRICT

The District ..... Travis County Municipal Utility District No. 2 (the "District"), a political subdivision of the State of Texas, was created by an order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), on December 13, 1983 and confirmed pursuant to an election held within the District on August 25, 1984. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 404.1 acres. See "THE DISTRICT – General."

The District is one of four political subdivisions, also including Cottonwood Creek Municipal Utility District No. 1, Wilbarger Creek Municipal Utility District No. 1, and Wilbarger Creek Municipal Utility District No. 2 (collectively, the "Participants" and individually a "Participant"), created to provide water, wastewater, and storm drainage to approximately 1,514 acres located within northeastern Travis County, Texas. See "THE MASTER DISTRICT."

Location ..... The District, which currently encompasses approximately 404.1 acres of land, of which approximately 397.7 acres are developable, is located entirely within the extraterritorial jurisdiction of the City of Manor (the "City" or "Manor"), except for approximately 11.7 acres of commercial and retail (which is located in the city limits of Manor), and entirely located within Travis County, Texas. The District is located approximately ten miles northeast of the central business district of the City of Austin. See "LOCATION MAP" and "THE DISTRICT - Location."

Master District Service Area..... The Participants currently comprise approximately 1,514 acres (the "Service Area") which include two master planned communities (ShadowGlen and Presidential Meadows) designed to ultimately contain single-family, multi-family, commercial, retail, and office development as well as recreational amenities. All of the Participants have designated Wilbarger Creek Municipal Utility District No. 2 (the "Master District") to serve as the master district and regional provider of all major water, wastewater, and drainage facilities to serve the approximately 1,514 acres within the Service Area pursuant to the provisions of the "Amended and Restated Contract for Financing and Operation of Regional Waste Collection, Treatment, and Disposal Facilities, Regional Water Supply and Delivery Facilities, and Regional Drainage, Including Water Quality, Facilities" (the "Master District Contract"), between the Master District and the Participants. Each Participant has agreed to levy a contract tax, unlimited as to rate or amount, as necessary, to pay costs under the Master District Contract, including its pro rata share of debt service on bonds issued by the Master District for the regional water, wastewater, and drainage facilities. Each Participant is responsible for constructing and financing its own internal water, wastewater, and drainage facilities. See "THE MASTER DISTRICT" and "INVESTMENT CONSIDERATIONS."

The Developer..... SG Land Holdings LLC, a Delaware limited liability company (the "Developer"), which is owned by Southwest Shadow Holdings LLC, a Delaware limited liability company ("Southwest Shadow Holdings"), and Southwest Equity Partners LLC, a Delaware limited liability company, is the primary developer of land within the District. The Developer has engaged Argent Management LLC, a Delaware limited liability company ("Argent Management"), as its development manager to manage the development of the District. Southwest Shadow Holdings is a subsidiary of JNI, LLC ("JNI"), a Delaware limited liability company, JNI is a parent company of various other subsidiaries and affiliates which develop master-planned communities around the United States, often under the brand name SunCal, with development management performed by affiliate Argent Management. See "THE DEVELOPER."

Status of Development ..... Development of the District commenced in May 2002, and, as of May 1, 2026, approximately 369.23 acres (or 92.84% of the approximately 397.70 developable acres within the District) have been developed with utility facilities as the single-family residential subdivisions of ShadowGlen, Sections 1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, 5, 6, 7, 8, 9, 10, 12, 11, 13, 14A, 14B-1, 14B-2, 16, 17, 18A, 21A, and 21B encompassing a total of 1,257 developed single-family lots. According to the Developer, these developed lots include 1,193 completed homes, no homes under construction, and 64 vacant developed single-family lots. Commercial development within the District includes a 15,000 square foot strip center called The

Shops at ShadowGlen on approximately 2.3 acres, and a 36,000 square foot medical center on approximately 4.3 acres. The District also includes an amenity center on approximately 4 acres, which includes a 4,300 square foot recreation center, a junior Olympic swimming pool, a water spray park, and two 35-foot water slides. See "THE DISTRICT - Current Status of Development."

Homebuilders ..... According to the Developer, Perry Homes is the only active homebuilder within the District. Perry Homes' homes range in price from $490,000 to $650,000, with square footage ranging from 2,400 to 3,600. See "THE DEVELOPER – Homebuilders within the District."

THE BONDS

Description ..... The $2,330,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") mature serially in varying amounts on September 1 of each year from 2026 through 2039, inclusive, as set forth on the inside cover page hereof unless the Initial Purchaser elects to treat some maturities as Term Bonds (as defined herein). Interest accrues from the Date of Initial Delivery at the rates per annum set forth on the inside cover page hereof and is payable March 1, 2027, and each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS - General Description."

Redemption ..... The District reserves the right to redeem, prior to maturity, in integral multiples of $5,000, those Bonds maturing on and after September 1, 2033, in whole or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds, if designated as Term Bonds, may also be subject to mandatory sinking fund 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 Manor, Texas; Travis 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 eleventh (11^{th}) installment of bonds issued by the District. The District has never defaulted in the timely payment of principal of or interest on its outstanding obligations. See "FINANCIAL STATEMENT - Outstanding Bonds – Table 6."

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 May 3, 2003; the approving order of the Texas Commission on Environmental Quality (the "TCEQ"); and an order adopted by the Board of Directors of the District on the date of the sale of the Bonds. See "THE BONDS - Authority for Issuance."

Use of Proceeds…… The proceeds of the Bonds will be used to finance the following: (i) water, wastewater, and drainage facilities serving ShadowGlen Phase Two, Section 18A, (ii) engineering fees associated with item (i), and (iii) operating advances made to the District.

The remaining Bond proceeds will be used to: (i) capitalize approximately twelve (12) months' interest requirements on the Bonds; (ii) pay developer interest; and (iii) pay certain 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 May 3, 2003, voters within the District authorized a total of $38,580,000 in unlimited tax new money bonds to acquire water, wastewater, and drainage facilities. The Bonds constitute the eighth (8^{th}) installment of unlimited tax new money bonds issued by the District to acquire water, wastewater, and drainage facilities. After the issuance of the Bonds, the District will have $14,135,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities. Additionally, at the May 3, 2003 election, the voters approved the issuance of unlimited tax refunding bonds in an amount not to exceed one and one-half times the amount of new money bonds issued, assuming issuance of the entire authorization, which equals $57,870,000, of which $57,015,599 of voted authorization of unlimited tax refunding bonds remain unissued. Additionally, at an election held within the District on February 7, 2004, voters within the District authorized a total of $3,500,000 in unlimited tax new money bonds for the acquisition and construction of parks and recreational facilities, all of which remains authorized but unissued. See "FINANCIAL STATEMENT - Outstanding Bonds – Table 6" and "THE BONDS – Issuance of Additional Debt." Additionally, the Master District anticipates issuing a series of new money contract tax bonds in the aggregate principal amount of $36,950,000 in late 2026.

Municipal Bond Ratings and Insurance	In connection with the sale of the Bonds, the District has made application to Moody's Investors Service, Inc. ("Moody's") for a municipal bond rating and has received a "A3" underlying rating. The District has made application for an insurance policy insuring the timely payment of the principal of and interest on the Bonds. The purchase of such insurance, if any, will be at the option and expense of the Initial Purchaser.
Qualified Tax-Exempt Obligations	The District is expected to designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2026 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."
Bond Counsel and Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Austin, Texas
General Counsel	Armbrust & Brown, PLLC, Austin, Texas
Financial Advisor	Public Finance Group LLC, Austin, Texas
Engineer	Jones-Heroy & Associates, Inc., Austin, Texas
Paying Agent / Registrar	UMB Bank, N.A., Austin, Texas

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION

(Unaudited)

2025 Certified Assessed Valuation		$455,547,186	(a)
2026 Certified Assessed Valuation		$434,625,486	(b)
Estimated Assessed Valuation as of May 1, 2026		$412,885,476	(c)
Gross Debt Outstanding (after issuance of the Bonds)			
District Debt	$ 17,385,000		
Contract Debt	10,913,857	$ 28,298,857	(d)
Ratio of Gross Debt to 2025 Certified Assessed Valuation[a]		6.21%	
Ratio of Gross Debt to 2026 Certified Assessed Valuation[b]		6.51%	
Ratio of Gross Debt to Estimated Assessed Valuation as of May 1, 2026[c]		6.85%	
2025 Tax Rate			
Debt Service	$ 0.2625		
Maintenance	0.2185		
Contract	0.3500		
Total 2025 Tax Rate		$ 0.8310	(e)
Debt Service Fund Balance (as of August 5, 2026)		$ 1,676,657	(f)
Percentage of current tax collections (Tax Years 2001-2025)		99.42%	(g)
Percentage of total tax collections (Tax Years 2001-2025)		99.69%	(g)
Average Annual Debt Service Requirement of the Bonds ("Average Requirement") (2026-2039, inclusive)		$ 1,615,443	
Tax Rate required to pay Average Requirement based upon 2025 Certified Assessed Valuation[a] at 95% collections		$ 0.38	/$100 AV
Tax Rate required to pay Average Requirement based upon 2026 Certified Assessed Valuation[b] at 95% collections		$ 0.40	/$100 AV
Tax Rate required to pay Average Requirement based upon the Estimated Assessed Valuation as of May 1, 2026[c] at 95% collections		$ 0.42	/$100 AV
Maximum Annual Debt Service Requirement of the Bonds ("Maximum Requirement") (2039)		$ 1,690,281	
Tax Rate required to pay Projected Maximum Requirement based upon 2025 Certified Assessed Valuation[a] at 95% collections		$ 0.40	/$100 AV
Tax Rate required to pay Projected Maximum Requirement based upon 2026 Certified Assessed Valuation[b] at 95% collections		$ 0.41	/$100 AV
Tax Rate required to pay Projected Maximum Requirement based upon the Estimated Assessed Valuation as of May 1, 2026[c] at 95% collections		$ 0.44	/$100 AV
Number of active connections as of May 1, 2026			
Single Family - Complete & Occupied	1,078		
Single Family - Builder & Vacant	7		
Total Number of Active Connections		**1,085**	
Estimated Population as of May 1, 2026		3,234	(h)

(a) The certified assessed valuation as of January 1, 2025, as provided by Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."

(b) The certified assessed valuation as of January 1, 2026, as provided by TCAD. See "TAXING PROCEDURES."

(c) The estimated assessed valuation as of May 1, 2026, as provided by TCAD, included solely for purposes of illustration. See "TAXING PROCEDURES."

(d) Includes the Bonds and does not include the Master District's new money debt anticipated to be issued in late 2026. See "Official Statement Summary – The Bonds – Bonds Authorized But Unissued." The District is a party to a contract with the Master District whereby the District is obligated to pay a pro rata share of debt service on bonds issued from time to time by the Master District to acquire, construct, purchase, and maintain certain facilities to provide regional water, wastewater, and drainage services to all Participants. The Master District has issued six (6) series of new money bonds and four (4) series of refunding bonds in the aggregate original principal amount of $53,670,000 of which $25,380,000 is currently outstanding. The contract debt amount reflects the District's pro rata share (32.87% based on the 2025 Certified Assessed Valuation of $1,386,921,353 of the Master District Service Area). Additionally, the Master District anticipates issuing a series of new money contract tax bonds in the aggregate principal amount of $36,950,000 in late 2026. See "THE MASTER DISTRICT – Contract Tax Bonds."

(e) The District levied a 2025 total tax rate of $0.8310 at its meeting in September 2025. Additionally, the District anticipates levying its 2026 total tax rate at its September 2026 meeting. See "TAXING PROCEDURES."

(f) Unaudited as of August 5, 2026. Preliminary; subject to change. Does not include approximately twelve (12) months' capitalized interest ($110,675 at an anticipated interest rate of 4.75%) included in the Bond proceeds, which is projected to be deposited into the Debt Service Fund on the Date of Initial Delivery of the Bonds. 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 3.5 residents per completed and occupied single family home as of May 1, 2026.

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PRELIMINARY OFFICIAL STATEMENT
relating to

$2,330,000
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
(A Political Subdivision of the State of Texas Located in Travis County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Travis County Municipal Utility District No. 2 (the "District"), a political subdivision of the State of Texas (the "State"), of its $2,330,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to an order adopted by the Board of Directors of the District (the "Board of Directors") on the date of the sale of the Bonds (the "Bond Order"), Article XVI, Section 59 of the 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 May 3, 2003; and the approving order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") dated July 1, 2026.

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

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

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted 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's undertaking to provide certain information on a continuing basis.

THE BONDS

General Description

The Bonds will bear interest from the Date of Initial Delivery, currently anticipated to be October 7, 2026 (the "Date of Initial Delivery"), and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2027 and each September 1 and March 1 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is UMB Bank, N.A., Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar").

Redemption

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

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

Bonds Maturing September 1, ___*	
Mandatory Redemption Date	Principal Amount

Bonds Maturing September 1, ___*	
Mandatory Redemption Date	Principal Amount

*Stated Maturity

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

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District, if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent is required to select the Bonds of such maturity to be redeemed by lot.

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

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

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

DTC Redemption Provision

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

Termination of Book-Entry-Only System

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

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

are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

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

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

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

Authority for Issuance

At an election held within the District on May 3, 2003, voters within the District authorized a total of $38,580,000 in unlimited tax new money bonds to acquire and construct water, wastewater, and drainage facilities. The Bonds constitute the eighth (8th) installment of unlimited tax new money bonds issued by the District to acquire water, wastewater, and drainage facilities. After the issuance of the Bonds, the District will have $14,135,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities. Additionally, at the May 3, 2003 election, the voters approved the issuance of unlimited tax refunding bonds in an amount not to exceed one and one-half times the amount of new money bonds issued, assuming issuance of the entire authorization, which equals $57,870,000, of which $57,015,599 of voted authorization of unlimited tax refunding bonds remain unissued. Additionally, at an election held within the District on February 7, 2004, voters within the District authorized a total of $3,500,000 in unlimited tax new money bonds for the acquisition and construction of parks and recreational facilities, all of which remains authorized but unissued.

The Bonds are issued pursuant to the Bond Order adopted by the Board of Directors of the District on the date of the sale of the Bonds, Article XVI, Section 59 of the 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 May 3, 2003; and the approving order of the Commission.

Source of and Security for Payment

The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if the City annexes and dissolves the District and assumes all debts and liabilities of the District. See "Annexation."

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

Payment Record

The Bonds constitute the eleventh (11th) installment of new money unlimited tax bonds, including refunding bonds, issued by the District. The District has never defaulted in the timely payment of principal of or interest on its previously issued obligations entitled: "$2,000,000 Unlimited Tax Bonds, Series 2004" (the "Series 2004 Bonds"); "$2,495,000 Unlimited Tax Bonds, Series 2005" (the "Series 2005 Bonds"); "$2,360,000 Unlimited Tax Bonds, Series 2006" (the "Series 2006 Bonds"); "$2,000,000 Unlimited Tax Bonds, Series 2010" (the "Series 2010 Bonds"); "$4,775,000 Unlimited Tax Refunding Bonds, Series 2011" (the "Series 2011 Bonds"); "$3,400,000 Unlimited Tax Refunding Bonds, Series 2015" (the "Series 2015 Bonds"); "$5,620,000 Unlimited Tax Bonds, Series 2017" (the "Series 2017 Bonds"); "$2,640,000 Unlimited Tax Bonds, Series 2019" (the "Series 2019 Bonds"); "$2,410,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds"); and "$5,000,000 Unlimited Tax Bonds, Series 2020A" (the "Series 2020A Bonds") (collectively, the "Previously Issued Bonds"). After the issuance of the Bonds, the District will have $17,385,000 aggregate principal amount of bonds outstanding (the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds – Table 6."

In addition to the direct debt obligations of the District, the District is party to the Master District Contract (defined herein) under which the District has agreed to pay a pro rata share of debt service on Contract Tax Bonds (defined herein) issued from time to time by the Master District (defined herein) for the Master District Facilities (defined herein) to provide regional water, wastewater, and drainage to all Participants (defined herein). The Master District has outstanding a total of $25,380,000 aggregate principal amount of Contract Tax Bonds issued as the following: "$4,835,000 Unlimited Contract Tax Refunding Bonds, Series 2016;" "$4,160,000 Unlimited Contract Tax Bonds, Series 2017;" "$4,460,000 Unlimited Contract Tax Bonds, Series 2018;" "$6,000,000 Unlimited Contract Tax Bonds, Series 2019;" "$2,010,000 Unlimited Contract Tax Refunding Bonds, Series 2020;" and "$12,285,000 Unlimited Contract Tax Bonds, Series 2020A" (collectively, the "Outstanding Contract Tax Bonds"). Of such Outstanding Contract Tax Bonds, $8,326,452 (32.81%) represents the District's pro rata share of debt service based on the 2025 Certified Assessed Valuation of $1,386,921,353 of the Service Area. See "THE MASTER DISTRICT – General" and " – Contract Tax Bonds." To date, the District has not defaulted on any contract payment made to the Master District in connection with the Outstanding Contract Tax Bonds. Additionally, the Master District anticipates issuing a series of new money contract tax bonds in the aggregate principal amount of $36,950,000 in late 2026.

Flow of Funds

The Bond Order creates, or affirms, 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.

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

Debt Service Fund… The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds and the Outstanding Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and twelve (12) months of 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 of) the Bonds and Outstanding Bonds, and (iii) such other funds as the Board of Directors 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.

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

Issuance of Additional Debt

District Debt: At an election held within the District on May 3, 2003, voters within the District authorized a total of $38,580,000 in unlimited tax new money bonds to acquire water, wastewater, and drainage facilities. The Bonds constitute the eighth (8^{th}) installment of unlimited tax new money bonds issued by the District to acquire water, wastewater, and drainage facilities. After the issuance of the Bonds, the District will have $14,135,000 aggregate principal amount of remaining authorized but unissued unlimited tax bonds for water, wastewater, and drainage facilities. Additionally, at the May 3, 2003 election, the voters approved the issuance of unlimited tax refunding bonds in an amount not to exceed one and one-half times the amount of new money bonds issued, assuming issuance of the entire authorization, which equals $57,870,000, of which $57,015,599 of voted authorization of unlimited tax refunding bonds remain unissued. Additionally, at an election held within the District on February 7, 2004, voters within the District authorized a total of $3,500,000 in unlimited tax new money bonds for the acquisition and construction of parks and recreational facilities, all of which remains authorized but unissued. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "INVESTMENT CONSIDERATIONS."

According to the District's engineer, the $14,135,000 in principal amount of unlimited tax bonds authorized but unissued (after the issuance of the Bonds), will be sufficient to reimburse the Developer for the water, wastewater, and drainage facilities required for development within the District. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to issue refunding bonds, as well as revenue bonds and notes without voter approval. 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 of 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 does not employ any formula with respect to assessed valuations, tax collections, or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to the 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.

Contract Debt: Pursuant to the Master District Contract, the District has agreed to pay a pro rata share of maintenance expenses and debt service on contract tax bonds issued from time to time by the Master District for the Master District Facilities that serve all of the Participants.

Additionally, the Master District is authorized to issue additional bonds from time to time in the future to acquire or construct the Master District Facilities to serve the Participants. Pursuant to an election held within the District on May 3, 2003, the voters within the District authorized an ad valorem tax to be levied on all taxable property within the District in an amount sufficient to pay the amounts due and owing pursuant to the Master District Contract. See "THE MASTER DISTRICT – Contract Tax Bonds." The Master District anticipates issuing a series of new money contract tax bonds in the aggregate principal amount of $36,950,000 in late 2026.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Texas Water Code, bonds, notes, or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes, or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256) (as amended, the "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, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2019, 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. 2019) ("*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 breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary function 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 applicability of a 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, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Additionally, Chapter 9 includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system

may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

Annexation

The District is located entirely within the extraterritorial jurisdiction of the City, except for approximately 11.7 acres of commercial and retail (which is located in the city limits of Manor). Under Texas law, a municipality may annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without the consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Government Code ("Chapter 43"). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of May 1, 2026, the District had an estimated population of 3,243, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the district.

If a municipal utility district is full purpose annexed, the municipality must assume the assets, functions, and obligations of the district, including outstanding bonds, and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds 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 TCEQ. 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 July 1, 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 guarantee 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 that does not materially and adversely affect to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (defined herein), 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 SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ 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 detail information from the District or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the

Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the following: (i) water, wastewater, and drainage facilities serving ShadowGlen Phase Two, Section 18A, (ii) engineering fees associated with item (i); and (iii) operating advances made to the District. The remaining Bond proceeds will be used to: (i) capitalize approximately twelve (12) months' interest requirements on the Bonds, (ii) pay developer interest; and (iii) pay certain costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, $1,728,395 is estimated to be required for construction costs, and $601,605 is estimated to be required for non-construction costs, including $110,675 of capitalized interest (approximately twelve (12) months of interest estimated at 4.75%).

Construction Costs		
A. Developer Contribution Items		
1. ShadowGlen Phase Two, Section 18A water, wasteater, and drainage facilities	$	1,568,543
3. Engineering (10.2% of item no. 1)		159,852
Total Developer Contribution Items	**$**	**1,728,395**
B. District Items		
1. N/A	$	-
Total Construction Costs	**$**	**1,728,395**
Non-Construction Costs		
A. General Counsel Fee (1.5%)	$	34,950
B. Bond Counsel Fee (1.25%)		29,125
C. Fiscal Agent Fees (2.0%)		46,600
D. Interest		
1. Capitalized Interest (12 months @ 4.75%)		110,675
2. Developer Interest [(a)]		110,506
E. Bond Discount (3%)		69,900
F. Operating Costs (4% of BIR)		94,141
G. Bond Issuance Expenses		52,553
H. Bond Application Report		45,000
I. Attorney General Fee (0.10%)		2,330
J. TCEQ Bond Issuance Fee (0.25%)		5,825
K. Contingency [(b)]		-
Total Non-Construction Costs	**$**	**601,605**
TOTAL BOND ISSUE REQUIREMENT	**$**	**2,330,000**

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

(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.

INVESTMENT CONSIDERATIONS

General

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

The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will occur or that the development in the District will maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies."

Factors Affecting Taxable Values and Tax Payments

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

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. 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 developers in the sale of developed lots and of homebuilders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer 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 $455,547,186. After issuance of the Bonds, the Projected Maximum Requirement will be $1,690,281 (2038) and the Projected Average Requirement will be $1,615,443 (2026 through 2039, 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 $0.40 and $0.38 per $100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. The 2026 Certified Assessed Valuation of the District is $434,625,486. Based upon the assumptions above, tax rates of $0.41 and $0.40 per $100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively, based upon the 2026 Preliminary Assessed Valuation. The Estimated Assessed Valuation as of May 1, 2026 of the District is $412,885,476. Based upon the assumptions above, tax rates of $0.44 and $0.42 per $100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively, based upon the Estimated Assessed Valuation as of May 1, 2026. See "PROJECTED 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, or 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 the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances 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 their land would restrict the rate of growth of taxable value in the District. See "THE DEVELOPER."

The 2025 principal taxpayers in the District represented $17,474,433 or 3.84% of the District's 2025 Certified Taxable Assessed Valuation of $455,547186. If the Developer (or other principal taxpayer) were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers – Table 12," and "TAXING PROCEDURES – Levy and Collection of Taxes."

Undeveloped Acreage . . . Approximately 9.651 acres of developable land within the District had not been provided with water, wastewater, and storm drainage and detention facilities as of May 1, 2026. In the opinion of the District's engineers, the remaining authorized but unissued bonds should be sufficient to fund water, sanitary sewer, and drainage services to all areas now within the District. See "THE BONDS – Alteration of Boundaries" and "THE DISTRICT – Current Status of Development."

Development and Home Construction in the District . . . According to the Developer, as of May 1, 2026, approximately 64 developed lots within the District remained available for construction. Failure of the Developers 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.

Tax Collections and Foreclosure Remedies

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

Registered Owners' Remedies

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

Marketability

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of State law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC Sections 901-946 ("Chapter 9"). 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 owners' claim.

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

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

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

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that 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.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney's fees, costs of abstract, and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC 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 May 1, 2026, approximately 394.43 acres of land within the District have been or are currently being developed with utility facilities by the Developer. According to information obtained by Jones-Heroy & Associates, Inc., (the "District's Engineer"), after reimbursement of the construction costs and engineering costs for the projects proposed in this bond issue, there are approximately $850,000, including construction costs and engineering fees, remaining owed to the Developer as of May 1, 2026.

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

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

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 July 1, 2026 (the "TCEQ Order"). 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.

No Requirement to Build on Developed Lots

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

Forward-Looking Statements

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

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic 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.

Environmental Regulation

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

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

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing, and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (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 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 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 18, 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:") imposed by the EPA. Under such circumstances, the TCEQ would be required 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 the 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 TCEQ to undertake voluntary actions to help avoid a nonattainment designation. The Austin-Round Rock Area is currently participating in the Capital Area Council of Government ("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 $\Phi g/m^3$ to 9.0 $\Phi g/m^3$. 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 the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established NPWDRs for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which require 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 federal Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary effluent limitations and more stringent 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.

On May 25, 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 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.

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.

Drought Conditions

Central Texas, like other areas of the State, is susceptible to drought conditions. Metro Water Systems, Inc. (fka Metro H2O, Ltd.), as the wholesale water supplier to the Master District, provides water to the Participants in amounts sufficient to service the residents of the District; however, as drought conditions occur within the District, water usage and rates could be impacted.

Storm Water

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

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, 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 valuation of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rate. See "TAXING PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster."

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

Future Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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.

Cybersecurity

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

Bond Insurance Risks

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

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

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

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

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

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

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

THE MASTER DISTRICT

General

The District is one of four political subdivisions, also including Cottonwood Creek Municipal Utility District No. 1 ("Cottonwood Creek MUD No. 1"), Wilbarger Creek Municipal Utility District No. 1 ("Wilbarger Creek MUD No. 1"), and Wilbarger Creek Municipal Utility District No. 2 ("Wilbarger Creek MUD No. 2") (collectively, the "Participants" and individually a "Participant"), created as conservation and reclamation districts for the purpose of providing water, wastewater, and storm drainage facilities to the acreage within their respective boundaries. Pursuant to an election held within the boundaries of each Participant on May 7, 2005, each Participant approved the Master District Contract (defined below) which designates Wilbarger Creek MUD No. 2 as the "Master District" to serve as the regional provider of water, wastewater, and storm drainage, including water quality, facilities to serve development within the Participants (the "Master District Facilities"). The Participants currently comprise approximately 1,514 acres (the "Service Area") which comprise two master planned communities (ShadowGlen and Presidential Meadows) designed to ultimately contain single-family, multi-family, commercial, retail, and office development as well as recreational amenities. All of the Participants have designated Wilbarger Creek MUD No. 2 to serve as the Master District and regional provider of all major water, wastewater, and drainage facilities to serve the Service Area pursuant to the provisions of the "Amended and Restated Contract for Financing and Operation of Regional Waste Collection, Treatment, and Disposal Facilities, Regional Water Supply and Delivery Facilities, and Regional Drainage, Including Water Quality, Facilities" (the "Master District Contract"), between the Master District and the Participants. Each Participant has agreed to levy a Contract Tax, unlimited as to rate or amount, as necessary to pay costs under the Master District Contract, including its pro rata share of debt service on bonds issued by the Master District for the regional water, wastewater, and drainage facilities. Each Participant is responsible for constructing and financing its own internal water, wastewater, and drainage facilities (the "Contract Tax Bonds"). The Master District Contract also authorizes the Master District to issue Contract Tax Bonds to acquire, purchase, construct, and maintain the Master District Facilities to serve the Participants. The Master District owns and operates the Master District Facilities. See "THE SYSTEM."

Master District Service Area

The following chart more completely describes the Participants, including each Participant's acreage and projected ultimate living unit equivalents ("LUEs") based on current land use plans.

PARTICIPANTS		Gross Acreage [(a)]	Existing LUEs [(b)]	Projected Ultimate LUEs [(c)]
Cottonwood Creek MUD No. 1		417.70	1,683	2,216
Travis County MUD No. 2		404.11	1,103	1,247
The District		300.42	1,118	1,555
Wilbarger Creek MUD No. 2		392.10	-	1,449
	Subtotal	1,514.33	3,904	6,467
Park and Irrigation		-	-	100
	Total	1,514.33	3,904	6,567

(a) Gross acreage includes all easements, rights-of-way, and any other undevelopable acreage.
(b) As of January 1, 2026.
(c) Provided by the Developer and represents the existing land use plan. The District makes no representation that property within the District or within the Participants will develop as shown above.

Metro Water Systems, Inc., a Texas corporation formerly known as Metro H2O, Ltd. ("Metro"), has entered into an "Amended and Restated Regional Water Capacity and Supply Agreement for a Portion of Northeastern Travis County, Texas" (as amended, the "Water Supply Contract") with the four Participants to provide up to 6,010 LUEs of potable water supply capacity to the Participants. Additionally, the Participants and Metro originally entered into an "Amended and Restated Regional Sewage Disposal Capacity and Services Agreement for a Portion of Northeastern Travis County, Texas" (the "Wastewater Treatment Contract") whereby Metro agreed to construct certain wastewater treatment facilities sufficient to serve up to 6,010 LUEs of wastewater from the Participants. In connection with its acquisition of the Wastewater Treatment Plant (defined below) from Metro, the Master District acquired Metro's interest in the Wastewater Treatment Contract. See "THE SYSTEM – Wastewater Collection and Treatment." Because the Wastewater Treatment Plant is now owned and operated by the Master District, the Participants elected to terminate the Wastewater Treatment Contract effective February 12, 2022 after the first 20-year term thereof. The Wastewater Treatment Plant is now operated by the Master District as a Master District Facility under the Master District Contract. The currently estimated 6,567 LUEs projected to be developed within the Participants are in excess of the 6,010 LUEs currently included in the Participants' reserved LUE capacity under the Water Supply Contract. The Participants expect to commence negotiations with Metro with respect to amending the Water Supply Contract to increase the existing water LUE capacity. The Master District recently constructed an expansion of the Wastewater Treatment Plant. According to Quiddity Engineering LLC ("Quiddity Engineering"), the Master District's special consulting engineer on water and wastewater matters, construction of the expansion is essentially complete and in operation. The final site clean-up and warranty and close-out documents should be complete by the end of September 2026. The Wastewater Treatment Plant will need to be expanded as development within the Service Area continues. The design of the next expansion, which will increase the treatment capacity of the Wastewater Treatment Plant to 1.5 million gallons per day, is in process. See "Contract Tax Bonds" below. See "THE SYSTEM – Water Supply and Distribution" and "THE SYSTEM – Wastewater Collection and Treatment." Cottonwood Creek Water Control and Improvement District No. 3 is also a party to the Water Supply Contract but has not been allocated any capacity.

Contract Tax Bonds

The Master District Contract provides that each Participant shall pay a pro rata share of debt service on any Contract Tax Bonds issued from time to time by the Master District to acquire, construct, purchase, and maintain Master District Facilities, based upon the Participant's certified assessed valuation as a percentage of the total assessed valuation in all the Participants. The debt service requirements are calculated to include the charges and expenses of paying agents, registrars, and trustees utilized in connection with the bonds; the principal, interest, and redemption requirements of the bonds; and all amounts required to establish and maintain funds required under the bond resolution or trust indenture relating to such bonds. Each Participant is obligated to pay its pro rata share of the annual debt service on such bonds from the proceeds of an annual ad valorem contract tax which is unlimited as to rate or amount, revenues derived from the operation of each Participant's internal water, wastewater, and drainage systems, or from any other legally available funds of each Participant. Each Participant's pro rata share of debt service requirements is calculated annually by the Master District; however, the levy of a Contract Tax for the purpose of paying debt service on the Contract Tax Bonds is the sole responsibility of each Participant.

The Master District has issued $4,250,000 Unlimited Contract Tax Bonds, Series 2006; $5,660,000 Unlimited Contract Tax Bonds, Series 2008; $5,100,000 Unlimited Contract Tax Refunding Bonds, Series 2010; $4,910,000 Unlimited Contract Tax Refunding Bonds, Series 2012; $4,835,000 Unlimited Contract Tax Refunding Bonds, Series 2016; $4,160,000 Unlimited Contract Tax Bonds, Series 2017; $4,460,000

Unlimited Contract Tax Bonds, Series 2018, $6,000,000 Unlimited Contract Tax Bonds, Series 2019; $2,010,000 Unlimited Contract Tax Refunding Bonds, Series 2020; and $12,285,000 Unlimited Contract Tax Bonds, Series 2021 (collectively, the "Outstanding Contract Tax Bonds"), of which a total of $25,380,000 aggregate principal amount of such Outstanding Contract Tax Bonds will remain outstanding as of the Date of Initial Delivery. The District's pro rata share of such debt is approximately $8,326,452 (or 32.81%) based upon the District's percentage of the cumulative assessed value of the Service Area (2025 Certified Assessed Valuation of $1,387,155,188) multiplied by the outstanding principal amount of the Outstanding Contract Tax Bonds.

The Master District intends to finance future expansions of and upgrades to the Wastewater Treatment Plant through the issuance of Contract Tax Bonds, as well as any other Master District Facilities which may be required in the future. See "THE SYSTEM." Additionally, the Master District anticipates issuing a series of new money Contract Tax Bonds in the aggregate principal amount of $36,950,000 in late 2026.

Operation and Maintenance Expenses

Pursuant to the Master District Contract, each Participant is further obligated to pay monthly charges to the Master District for water, wastewater, and drainage, including water quality, services rendered pursuant to the Master District Contract ("Monthly Charges"). The Monthly Charges paid by each Participant to the Master District are used to pay each Participant's share of operation and maintenance expenses for Master District Facilities and to provide for an operation and maintenance reserve equal to five months of operation and maintenance expenses for such facilities. Each Participant's share of operation and maintenance expenses and reserve requirements is calculated by the Master District based upon the following categories of costs: (i) direct costs, including LUE fee payments and other costs directly incurred by the Participant; (ii) volume-related costs, including actual usage fees related to water supply and wastewater collection and treatment; and (iii) all other costs, including administrative costs. The Master District bills the Participants monthly for such costs. Each Participant, in turn, charges retail water and wastewater rates to its customers based upon actual usage, the revenues from which are used to pay the Monthly Charges. The current Monthly Charges being charged to the District by the Master District average approximately $106,284/month, according to the District's bookkeeper Bott & Douthitt, P.L.L.C.

Pursuant to the Master District Contract, each Participant is obligated to establish and maintain rates, fees, and charges for services provided by each Participant's water distribution system, wastewater collection system, and drainage system, together with taxes levied and funds received from any other lawful sources, sufficient at all times to pay each Participant's operation and maintenance expenses, and each Participant's obligations pursuant to the Master District Contract, including each Participant's pro rata share of the Master District's debt service requirements, Monthly Charges, and any expenses related to the billing and collecting of the Monthly Charges by the Master District.

Recent Commission Action

As further described herein under "THE SYSTEM – Wastewater Collection and Treatment," the Master District historically operated a membrane bioreactor ("MBR") Wastewater Treatment Plan and experienced continuing operational issues with the membrane technology, which, from time to time, negatively affected the performance of the Wastewater Treatment Plan and resulted in excursions from the parameters of the Master District's wastewater discharge permit. In accordance with applicable law, Crossroads Utility Services LLC, the Master District's utility operator, has over the last several years self-reported instances where the treated effluent from the wastewater plant exceeded Commission regulations, particularly as it relates to excessive chlorine residuals and ammonia nitrogen parameters in effluent. According the Master District's utility operator, all such violations were corrected after being self-reported in accordance with State law.

On October 21, 2020, the Commission issued a notice of initiation of formal enforcement action to the Master District (the "2020 Enforcement Notice"), which was received by the Master District on October 27, 2020, based on a record review investigation of self-reported data related to the Master District's wastewater discharge permit, including alleged violations for failure to comply with chlorine residual and ammonia nitrogen limitations and other permit effluent limitations such as *escherichia coli*. The EPA instituted a similar enforcement action. Both enforcement actions resulted in agreed orders that set forth certain corrective actions to be taken by the Master District, including the submission of written certification of compliance with the permitted effluent limitations. The EPA agreed order did not impose a monetary penalty. The TCEQ agreed order, which was approved by the Master District and executed by the Commission effective December 14, 2021, assessed an administrative penalty of $4,312, of which $812 was deferred upon compliance with the agreed order. The administrative penalty by the TCEQ was paid by the Master District, and the Master District's utility operator submitted written certification of compliance with the permitted effluent limitations along with all other documentation required by the agreed orders. By letter dated April 14, 2022, the Commission confirmed that the Master District had fulfilled the requirements of the TCEQ's agreed order.

On March 25, 2022, the Commission issued a notice of intention of formal enforcement action to the Master District, which was received by the Master District on April 5, 2022, based on alleged violations occurring at the Wastewater Treatment Plant (the "2022 Enforcement Notice"). Such alleged violations included the failure to (i) ensure that the Wastewater Treatment Plant and all of its systems of collection, treatment, and disposal are properly operated and maintained (inoperable mixers) and (ii) prevent the unauthorized discharge of wastewater. The 2022 Enforcement Notice also cited alleged violations for failure to comply with chlorine residual and ammonia nitrogen limitations and other permit effluent limitations addressed in the 2020 Enforcement Notice. The 2022 enforcement action resulted in an agreed order with the TCEQ that acknowledged that certain corrective actions had already been taken by the Master District but required the Master District to conduct an engineering analysis of the collection system to determine the cause of and necessary corrective actions designed to prevent or minimize the unauthorized discharge of untreated wastewater. That agreed order, which was approved by the Master District and executed by the Commission effective July 31, 2024, also assessed an administrative penalty of $9,813, of which $1,962 was deferred upon compliance with the agreed order. Such administrative penalty has since been paid by the Master District, and the Master District's utility operator has submitted the engineering analysis required by the agreed order.

On May 3, 2024, the Commission issued a notice of intention of formal enforcement action to the Master, which was received by the Master District on May 8, 2024, based on a record review investigation of self-reported data related to the Master District's wastewater discharge permit, including alleged violations for failure to comply with chlorine residual and other permit effluent limitations that occurred during the construction of an expansion of the Wastewater Treatment Plant. The EPA instituted a similar enforcement action. Both enforcement actions resulted in agreed orders that set forth certain corrective actions to be taken by the Master District, including the submission of written certification of compliance with the permitted effluent limitations. The EPA agreed order did not impose a monetary penalty, and the Master District's utility operator has responded to the EPA with the documentation and certifications required by the EPA's agreed order. The TCEQ's agreed order acknowledged that certain corrective actions had already been taken by the Master District but assessed an administrative penalty of $54,375, of which $10,875 would be deferred upon compliance with the agreed order. The Master District has approved the TCEQ's agreed order and penalty but, in accordance with Commission rules, has proposed that recent improvements to the Wastewater Treatment Plant be approved as a Supplemental Environmental Project ("SEP"), which could offset all or a portion of the penalty assessed. If the SEP application, which was submitted on April 10, 2025, is not approved, the Master District intends to comply with the TCEQ's agreed order as originally issued. Commission staff have confirmed that the Master District's SEP application has been received and is under review.

As a result of the persistent challenges with membrane treatment technology, the Master District has, in connection with an expansion of the treatment capacity of the Wastewater Treatment Plant, converted the treatment technology of the Wastewater Treatment Plant from MBR technology to conventional treatment technology. See "Master District Service Area" above and "THE SYSTEM – Wastewater Collection and Treatment" below.

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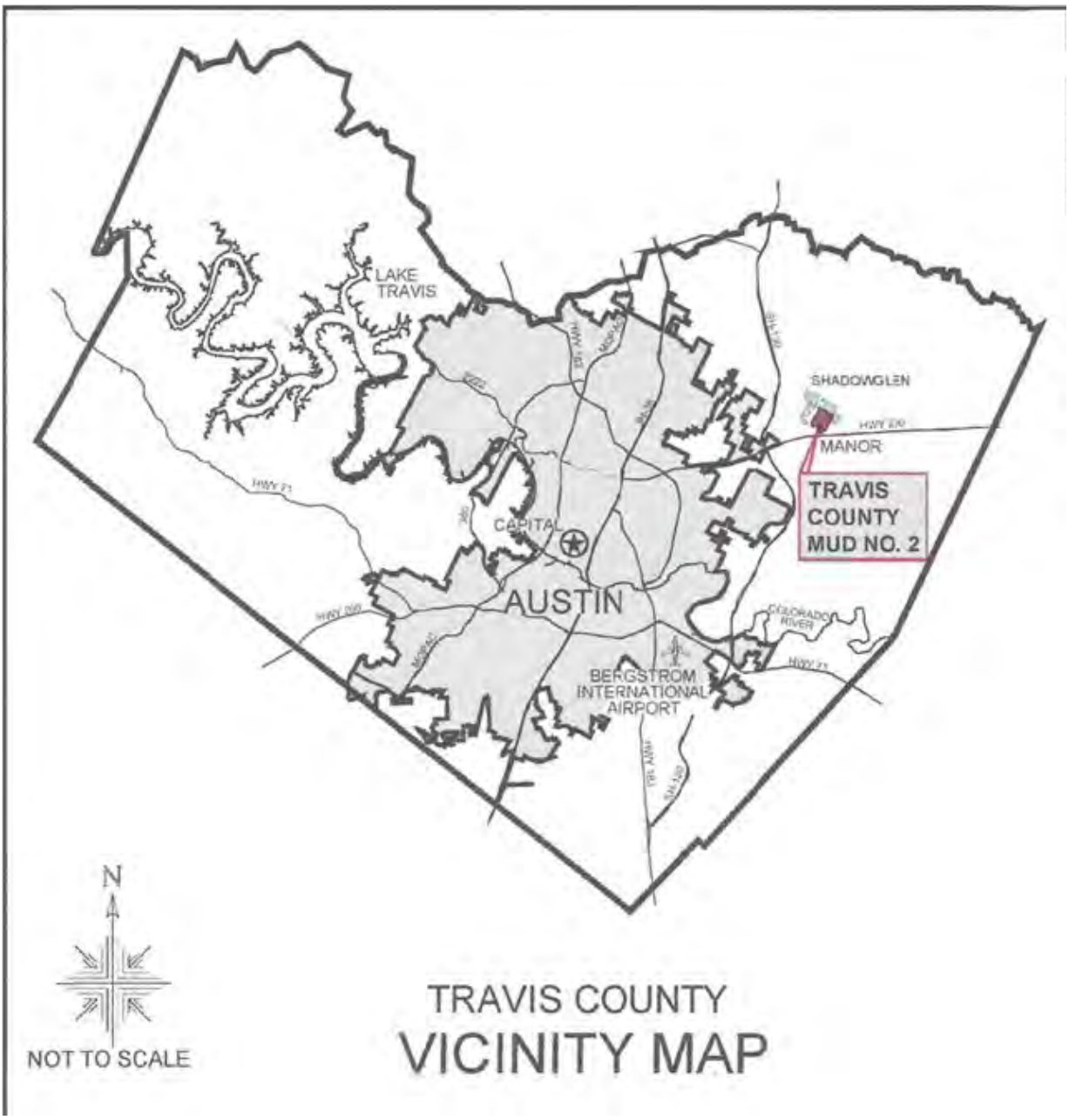
LOCATION MAP



THE DISTRICT

General

The District is a conservation and reclamation district created by an order of the Texas Water Commission, a predecessor to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), dated December 13, 1983. Creation of the District was confirmed by the voters of the District at an election held on August 25, 1984. The District currently operates under Chapters 49 and 54 of the Texas Water Code and is subject to Article XVI, Section 59, of the Texas Constitution. The District was created to provide water, wastewater, and storm drainage for the development within its boundaries.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. If approved by the voters within the District and the TCEQ, the District may establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. Fire protection and emergency services are currently provided to the residents of the District by Travis County Emergency Services District No. 12. The District is additionally authorized pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 49 of the Texas Water Code to issue bonds, subject to voter approval and the approval of TCEQ, payable from ad valorem taxes to pay for the development and maintenance of park and recreational facilities. Pursuant to an election held within the District on February 7, 2004, the voters within the District approved the issuance of $3,500,000 in bonds for 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 November in each even-numbered year. All of the directors own property in the District.

Name	Title	Term Expires
Wilmer Roberts	President	2028
Tracy Johnson	Vice President	2026
Sarah Rossig	Secretary	2028
Melissa Hudson	Assistant Secretary	2026
Gwen Huntley	Assistant Secretary	2026

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Travis Central Appraisal District. The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Travis County Tax Assessor/Collector, Bruce Elfant, currently serves the District in this capacity under contract.

Operator

The District contracts with Crossroads Utility Services, LLC ("Crossroads") to serve as operator for the District. Crossroads serves in a similar capacity for 72 other special districts in the Austin metropolitan area.

Engineer

The District's Engineer is Jones-Heroy & Associates, Inc. Such firm serves as engineer to approximately 100 other special districts.

Bookkeeper

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

Auditor

McCall Gibson Swedlund Barfoot Ellis PLLC ("MGSBE"), has audited the District's financial statements for the fiscal year ended September 30, 2025. MGSBE serves in a similar capacity for approximately 600 other 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 and Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

General Counsel

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

Location

All of the property within the District, except for approximately 11.7 acres of commercial and retail (which is located in the city limits of Manor), is located entirely within the extraterritorial jurisdiction of Manor and entirely within Travis County, Texas. The District is situated approximately ten miles northeast of the central business district of Austin, and lies adjacent to the city limits of Manor. A portion of the land within the District borders U.S. Highway 290. U.S. Highway 290 is currently undergoing expansion and widening due to its proximity to State Highway 130, an approximately 49 mile toll road that extends from Interstate Highway 35 near State Highway 195 north of Georgetown, Texas, southward to U.S. Highway 183, southeast of Austin.

The District, as originally created, contained a total of approximately 314.3 acres and currently encompasses approximately 404.1 acres as a result of two exclusions of property and four annexations of property.

Historical Development

The District was originally created by the Texas Water Commission (the predecessor of the TCEQ) by an order dated December 13, 1983 upon the petition of David W. Sameson, Trustee, C.B. Carpenter, Trustee, and Austin-Manor Investments Joint Venture ("Austin Manor"), the original landowners. On August 15, 1994, Cottonwood Holdings, Ltd., a Texas limited partnership ("CHL"), purchased all of the acreage within the District (as the District was then configured).

Subsequently, in 2001, CHL acquired an additional 150 acre tract of land from Ben Russell Eppright, Jr., Trustee, Nancy E. Nordquist Trust, of which approximately 56 acres is located within the District, as well as the acreage in Wilbarger Creek Municipal Utility District No. 1 and Wilbarger Creek Municipal Utility District No. 2.

In September 2001, ShadowGlen Development Corporation, a Texas corporation ("SDC"), entered into an option contract with CHL (the "Option Contract") to purchase substantially all of the remaining acres located within the District as well as approximately 454 total acres located within Wilbarger Creek Municipal Utility District No. 1 and Wilbarger Creek Municipal Utility District No. 2.

In November 2001, SDC and ShadowGlen Residential Community, Ltd., a Texas limited partnership ("SRCL"), whose general partner was McGuyer Homebuilders, Inc., a Texas corporation, and limited partners included SDC and MHI Partnership Ltd., a Texas limited partnership ("MHI"), purchased all of the acreage within the District covered by the Option Contract except approximately 95 acres which was retained by CHL.

The District contains approximately 11.7 acres of commercial reserves. In 2005, approximately 2.3 acres were sold to Spasco, Ltd. ("Spasco"), a Texas limited partnership, which constructed a 15,000 square foot mixed use commercial retail strip center called The Shops at ShadowGlen on this acreage. In September 2014, Spasco sold the strip center to HFS Brothers Investments LLC, a Texas limited liability company. In 2013, approximately 4.3 acres were sold to Shadowglen MOB Partners LLC, a Texas limited liability company, which constructed a 36,000 square foot medical center on this acreage that opened in the spring of 2014. CHL currently owns the remaining 5.1 acres of commercial acreage within the District.

In May 2009, SRCL's remaining vacant developed lots (101 lots) and remaining undeveloped acreage (approximately 102 acres) in the District were foreclosed upon by RFC Construction Funding, LLC, a Delaware limited liability company and a subsidiary of General Motors Acceptance Corporation ("RFC"), which held various promissory notes evidencing indebtedness of SRCL. The foreclosed property also included land located in Wilbarger Creek Municipal Utility District No. 1 and Wilbarger Creek Municipal Utility District No. 2. The foreclosed property within the District, Wilbarger Creek Municipal Utility District No. 1, and Wilbarger Creek Municipal Utility District No. 2 is collectively referred to as the "Foreclosed Property"). At the foreclosure sale, the Foreclosed Property was purchased by RC Properties XIV ("RC Properties"), an affiliate of RFC.

On September 25, 2009, 2009 XIF, LLC, a Texas limited liability company ("XIF"), purchased the Foreclosed Property from RC Properties. XIF continued the development of residential property within the District until December 2010.

In December 2010, SRCL, XIF, and SDC entered into a joint venture and formed 2010 ShadowGlen LLC, a Texas limited liability company ("2010 ShadowGlen"), to own and develop the remaining residential portions of the District that had not been sold to residents or homebuilders. On December 31, 2010 and January 5, 2011, SRCL, XIF, and SDC conveyed developed single family lots and undeveloped land and assigned development rights relating to property in the District to 2010 ShadowGlen. In connection with the formation of 2010 ShadowGlen, CHL conveyed its remaining residential acreage within the Participants to SDC, which, in turn, contributed that property to 2010 ShadowGlen.

In December 2012, SG Land Holdings LLC ("SG Land Holdings" or the "Developer"), a Delaware limited liability company, acquired all of the property in the ShadowGlen development owned by 2010 ShadowGlen. SG Land Holdings is owned by Southwest Shadow Holdings LLC, a Delaware limited liability company ("Southwest Shadow Holdings"), and Southwest Equity Partners LLC, a Delaware limited liability company, is the primary developer of land within the District. The Developer has engaged Argent Management LLC, a Delaware limited liability company ("Argent Management"), as its development manager to manage the development of the District. Southwest Shadow Holdings is a subsidiary of JNI, LLC ("JNI"), a Delaware limited liability company. JNI is a parent company of various other subsidiaries and affiliates which develop master-planned communities around the United States, often under the brand name SunCal, with development management performed by affiliate Argent Management.

Current Status of Development

According to the Developer, as of May 1, 2026, the District contained 1,257 developed single-family lots, 1,193 completed single-family homes, no homes under construction, and 64 vacant developed single-family lots, as shown in the chart below. Commercial development within the District includes a 15,000 square foot strip center called The Shops at ShadowGlen on approximately 2.3 acres, and a 36,000 square foot medical center on approximately 4.3 acres. The District also includes an amenity center on approximately 4 acres, which includes a 4,300 square foot recreation center, a junior Olympic swimming pool, a water spray park, and two 35-foot water slides.

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

Section	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
A. Developed with Utility Facilities					
ShadowGlen Phases One and Two					
Sections 1A, 2A, 3A, and 4A[(a)]	47.610	139	139	-	-
Sections 1B, 2B, 3B, and 4B	55.880	208	208	-	-
Section 5	9.060	39	39	-	-
Section 6	8.450	35	35	-	-
Section 7	13.170	60	60	-	-
Section 8	12.580	55	55	-	-
Section 9	13.300	52	52	-	-
Section 10	12.450	54	54	-	-
Section 11	15.430	57	57	-	-
Sections 12 and 13	24.670	52	52	-	-
Section 14A	15.100	55	55	-	-
Section 14B-1	23.380	43	43	-	-
Section 14B-2	13.120	54	54	-	-
Section 16	33.710	85	85	-	-
Section 17	19.990	76	76	-	-
Section 18A	17.960	64	-	-	64
Section 21A/B	51.800	129	129	-	-
Commercial	6.770	-	-	-	-
Total Developed with Utilities	**394.430**	**1,257**	**1,193**	**-**	**64**
B. Remaining Developable Acreage					
Single-Family (Section 18B)	4.551				
Commercial	5.100				
Total Remaining Developable Acreage	**9.651**				
Total District Acreage	**404.081**				

(a)The Amenity Center is located on approximately 4 acres within Sections 1A, 2A, 3A, and 4A.

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 any party's ability to sell lots and/or other property and of any homebuilder to sell completed homes as described in this Official Statement under the caption "INVESTMENT CONSIDERATIONS." If the undeveloped portion of the District is eventually developed, additions to the District's water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues, if any, of the District's bonds and developer contributions, if any, as required by the TCEQ. The District's Engineer estimates that the $14,135,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized but unissued should be sufficient to reimburse the Developer for the existing utility facilities and provide utility service to remaining undeveloped but potentially 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 its sole discretion. Accordingly, the District makes no representation that future development will occur.

Manor Agreement

The District lies within the extraterritorial jurisdiction and city limits of Manor and, pursuant to a resolution adopted by the Manor City Council on May 15, 1983, Manor consented to the creation of the District. Manor's consent is subject to several provisions, including: (i) all facilities must be constructed in accordance with plans and specifications approved by Manor; (ii) Manor has the right to inspect all facilities being constructed by the District; and (iii) except as may be approved by Manor, bonds may only be issued to provide service to the territory within the District. The consent resolution also restricted the purposes for which the District may issue bonds to the purposes of the purchase, construction, acquisition, repair, extension, and improvement of land, easements, works, improvements, facilities, plants, equipment, and appliances necessary (a) to provide a water supply for municipal uses, domestic uses, and commercial purposes, (b) to collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes, whether in fluid, solid, or composite state, (c) to gather, conduct, divert, and control local storm water or other local harmful excesses of water in District, and (d) for the payment of organization expenses, operation expenses during construction, and interest during construction. Pursuant to such consent resolution, all bonds issued by the District must mature within 40 years.

Additionally, effective January 10, 2001, the District, CHL, and Manor entered into a "Development Agreement for the Cottonwood Subdivision" (the "Original Development Agreement"), which set forth various terms regarding development within the District. Wilbarger Creek Municipal Utility District No. 1, and Wilbarger Creek Municipal Utility District No. 2 subsequently joined in the execution of the Original Development Agreement. Pursuant to the Original Development Agreement, Manor consented to certain annexations into and exclusions from the District and further authorized the District to provide services authorized by State law. The Original Development Agreement also authorized the District to issue bonds and notes, including bond anticipation notes or refunding bonds, for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending a waterworks, sanitary sewer, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities required in connection therewith. Manor also consented to the District's joinder in the Water Supply Contract and the Wastewater Treatment Contract, each as amended from time to time. Under the terms of the Original Development Agreement, Manor further agreed to provide solid waste disposal and collection services to all residences and businesses within the District for the same fees and upon the same terms and conditions as Manor provides such services to in-city customers. Under this arrangement, the District is required to bill all single family residences for solid waste disposal and collection services and pay such revenues over to Manor, while businesses and multifamily residences within the District are billed directly by Manor or its contract provider. The Original Development Agreement also authorized Manor to regulate and manage the use and occupancy by third parties of the streets and roadways within the District; however, Manor assumed no obligation to establish or enforce traffic regulations within the District or to design, construct, improve, or repair any street or roadway within the District. The Original Development Agreement also provided that Manor will not dissolve or abolish the District for a period of 20 years from the date of the Original Development Agreement; however, the Original Development Agreement did provide that, if the District challenged or otherwise failed to honor Manor's rights with respect to solid waste disposal and collection services and the regulation of streets and roadways within the District and failed to cure such failure within 180 days after written notice from Manor, Manor may annex the District and dissolve and abolish it in compliance with state law, which would require Manor to assume the assets and liabilities of the District, including the Bonds. The Original Development Agreement also set forth Manor's consent to the creation of both Wilbarger Creek Municipal Utility District No. 1 and Wilbarger Creek Municipal Utility District No. 2.

In February 2004, voters within the District authorized $3,500,000 in bonds for park and recreational facilities. In 2005, the parties to the Original Development Agreement entered into an amendment to the Original Development Agreement that, among things, expanded the purpose for which bonds may be issued to include any purpose authorized by Article XVI, Section 59 of the Texas Constitution. The Original Development Agreement was further modified as between Manor, SRCL, and CHL pursuant to an Addendum dated July 5, 2007.

The term of the Original Development Agreement between Manor and the developer parties thereunder was for a period of ten years and expired on January 10, 2011. The Original Development Agreement did not expire between Manor, the District, Wilbarger Creek MUD No. 1, and Wilbarger Creek MUD No. 2. At the request of CHL and 2010 ShadowGlen, successor to the portion of the property subject to the Original Development Agreement previously owned by SRCL, the parties entered into a "Development Agreement for the ShadowGlen Subdivision" (the "Restated Development Agreement") dated effective August 24, 2012, which (i) amended and restated the Original Development Agreement in its entirety as between Manor, the District, Wilbarger Creek MUD No. 1, and Wilbarger Creek MUD No. 2 on terms and conditions similar to those contained in the Original Development Agreement, as amended; and (ii) terminated and replaced the Original Development Agreement as between the Manor, CHL, and 2010 ShadowGlen. In December 2012, SG Land Holdings acquired all of the property in the ShadowGlen development owned by 2010 ShadowGlen. In connection with that transaction and with Manor's consent, 2010 ShadowGlen assigned its interest in the Restated Development Agreement to SG Land Holdings pursuant to an "Assignment and Assumption of Development Agreement" dated

effective December 21, 2012. In August 2020, Meritage Homes of Texas, LLC ("Meritage Homes") acquired from SG Land Holdings the land comprising Phase 3 of the ShadowGlen project: and in connection with that transaction and with Manor's consent, SG Land Holdings assigned its interest in the Restated Development Agreement with respect to the Phase 3 property to Meritage Homes pursuant to a "Partial Assignment of and Assumption of Development Agreement" date effective August 14, 2020. The Restated Development Agreement has been amended, primarily to address certain development-related obligations by an Addendum to Development Agreement for the ShadowGlen Subdivision dated May 21, 2014; an Addendum to Development Agreement for the ShadowGlen Subdivision (Phase 3 Property) dated May 7, 2018; a First Amendment to Development Agreement for the ShadowGlen Subdivision dated July 2, 2020; and Third Amendment to Development Agreement for the ShadowGlen Subdivision dated July 7, 2021.

The Restated Development Agreement has since been amended by (i) an "Addendum to Development Agreement for the ShadowGlen Subdivision" dated May 21, 2014 between CHL and Manor; (ii) an "Addendum to Development Agreement for the ShadowGlen Subdivision (Phase 3 Property)" dated effective as of March 7, 2019 between SG Land Holding and Manor; and (iii) a "First Amendment to Development Agreement for the ShadowGlen Subdivision dated March 4, 2020.

THE DEVELOPER

Role of Developer

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

Description of the Developer

The developer historically active within the District is SG Land Holdings LLC, a Delaware limited liability company ("SG Land Holdings"), which is owned by Southwest Shadow Holdings LLC, a Delaware limited liability company, and Southwest Equity Partners, LLC, a Delaware limited liability company. The Developer has engaged Argent Management LLC as its development manager to manage the development of the District. Southwest Shadow Holdings is a subsidiary of JNI, LLC ("JNI"), a Delaware limited liability company. JNI is a parent company of various other subsidiaries and affiliates which develop master-planned communities around the United States, often under the brand name SunCal, with development management performed by Argent Management. In addition, CHL owns approximately 5.1 acres within the District which is expected to be developed for commercial/retail purposes.

Perry Homes (Section 18A)

Current Development

According to the Developer, as of February 28, 2026, the District contained 1,259 developed single-family lots, 1,159 completed single-family homes, no homes under construction, and 64 vacant developed single-family lots.

Homebuilders within the District

According to the Developer, Perry Homes is the only active homebuilder within the District. Perry Homes' homes range in price from $490,000 to $650,000, with square footage ranging from 2,400 to 3,600.. See "THE DEVELOPER – Homebuilders within the District."

Commercial Development

The District contains approximately 11.7 acres of commercial reserves. In 2005, approximately 2.3 acres were sold to Spasco, Ltd. ("Spasco"), a Texas limited partnership, which constructed a 15,000 square foot mixed use commercial retail strip center called The Shops at ShadowGlen on this acreage. In September 2014, Spasco sold the strip center to HFS Brothers Investments LLC, a Texas limited liability company. In 2013, approximately 4.3 acres were sold to Shadowglen MOB Partners LLC, a Texas limited liability company, which constructed a 36,000 square foot medical center on this acreage that opened in the spring of 2014. CHL currently owns the remaining 5.1 acres of commercial acreage within the District.

Utility Development Agreements

The District originally entered into two development agreements that governed the construction of water, wastewater, and drainage facilities on land within the District and the reimbursement for certain of the costs of such construction through the issuance of bonds by the District – the first being a "Utility Development and Purchase Agreement between Travis County Municipal Utility District No. 2 and ShadowGlen Residential Community, Ltd. for ShadowGlen Water, Wastewater and Drainage Facilities" dated effective as of May 2, 2002, as amended by "Amendment No. 1 to Utility Development and Purchase Agreement between Travis County Municipal Utility District No. 2 and ShadowGlen Residential Community, Ltd." dated effective as of September 12, 2002, and "Amendment No. 2 to Utility Development and Purchase Agreement" dated effective as of February 3, 2006 (collectively, the "SRCL Reimbursement Agreement"); and the second being a "Utility Development and Purchase Agreement between Travis County Municipal Utility District No. 2 and Cottonwood Holdings, Ltd. for ShadowGlen Water, Wastewater and Drainage Facilities" dated effective as of April 30, 2002, as amended by "Amendment No. 1 to Utility Development and Purchase Agreement" dated effective as of February 1, 2006 (collectively, the "CHL Reimbursement Agreement"). After 2010 ShadowGlen acquired the property originally owned by SRCL following the 2009 RFC foreclosure and intervening ownership by XIF, the District entered into a "Utility Construction Agreement ShadowGlen – Travis County MUD No. 2" dated effective December 5, 2012 with 2010 ShadowGlen (the "2010 ShadowGlen Reimbursement Agreement"), which was joined in by CHL, XIF, and the partners of SRCL, which had been terminated as a partnership in June 2012. Pursuant to the provisions of the 2010 ShadowGlen Reimbursement Agreement, the SRCL Reimbursement Agreement and the CHL Reimbursement Agreement were terminated in their entirety. With the consent of the District, 2010 ShadowGlen assigned its interest in the 2010 ShadowGlen Reimbursement Agreement to SG Land Holdings pursuant to an "Assignment of Utility Construction Agreement and Consent ShadowGlen – Travis County MUD No. 2" dated effective December 21, 2012 when SG Land Holdings purchased 2010 ShadowGlen's remaining property in the ShadowGlen development.

Agricultural Value Waiver

SRCL and CHL previously executed agreements, which are recorded in the Real Property Records of Travis County and are covenants running with the land, waiving the right to have land located within the District classified as agricultural, open space or timberland for tax purposes. In addition, SRCL, CHL, and their successors have waived the right to have their lots and houses (if any) classified as business inventory. SG Land Holdings is subject to such agreements and the agreements may not be modified without the approval of the TCEQ and are binding on purchasers of such land from each developer. See "TAXING PROCEDURES - Property Subject to Taxation by the District."

THE SYSTEM

Regulation

The water, wastewater, and storm drainage facilities, the purchase, acquisition, and construction of which have been permanently financed by the District with the proceeds of the bonds previously issued by the District, 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 Commission. According to the Engineer, the design of all such facilities has been approved by all governmental agencies which have jurisdiction over the District.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among other, the EPA and the Commission. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Water Supply and Distribution

Metro has entered into the Water Supply Contract with the four Participants to provide up to 6,010 LUEs of potable water supply capacity to the Participants. Cottonwood Creek Water Control and Improvement District No. 3 is also a party to the Water Supply Contract but has not been allocated any capacity. See "THE MASTER DISTRICT- Master Service Area." Pursuant to an "Amended and Restated Assignment and Assumption of Capacity Rights and Obligations under Regional Water and Sewer Contracts; and Capacity Reservation Agreement" dated effective October 1, 2005 (the "Capacity Assignment"), the Participants assigned all of their rights and obligations with respect to water supply capacity under the Water Supply Contract to the Master District, which, in turn, reserved water supply capacity in favor of the Participants at full build out in the amounts set forth in the Water Supply Contract and agreed to allocate water capacity on an interim basis fairly and equitably among the Participants. The Participants have also executed the Master District Contract (see "THE MASTER DISTRICT"), pursuant to which the Master District is charged with the responsibility of constructing, financing, or acquiring facilities sufficient to distribute, rechlorinate, and store the potable water delivered by Metro and to deliver such water to the Participants. The currently estimated 6,567 LUEs projected to be developed within the Service Area are in excess of the 6,010 LUEs currently included in the Participants' reserved LUE capacity under the Water Supply Contract. The Participants expect to commence negotiations with Metro with respect to amending the Water Supply Contract to increase the existing water LUE capacity. See "THE MASTER DISTRICT – Master District Service Area."

Under the Water Supply Contract, as affected by the Capacity Assignment, the Master District was originally contractually obligated to purchase water capacity from Metro at the time of each connection and on a quarterly basis through the payment of water LUE fees. However, pursuant to a "First Amendment to Amended and Restated Regional Water Capacity and Supply Agreement for a Portion of Northeastern Travis County, Texas" dated August 9, 2011 (the "Water Supply Contract Amendment"), in consideration of the payment of $250,000 to Metro, the obligation to make water LUE fee payments to Metro was terminated until the number of LUEs actually connected to the water system serving the Master District's service area exceeds 2,610, at which time water LUE fees are required to be paid on a connection by connection basis. Connections to the system now exceed 2,610 LUEs, and the Participants are collecting a water LUE fee in the amount of $1,900 per LUE. These fees are remitted to the Master District, which, in turn, pays Metro per the Water Supply Contract. By letter dated January 2, 2020, and subsequent correspondence,

Metro notified the Advisory Committee established under the Water Supply Contract that Metro has recalculated the amount of the water LUE fee and intends to increase such fee to $5,000 per LUE, which is the contractual maximum permitted by the Water Supply Contract Amendment. The Master District's special legal counsel on rate matters has responded to Metro on behalf of the Advisory Committee that the proposed increase does not appear to be authorized by the Water Supply Contract. Further discussions with Metro on this matter are expected.

The Water Supply Contract, as amended, also obligates the Participants to pay Metro a volumetric wholesale water rate for the water used by the Participants (the "Wholesale Water Rate") on a monthly basis as well as an annual rate payment (the "Annual Water Rate Payment") by August 5th of each year. A portion of the Wholesale Water Rate and the Annual Water Rate Payment increase by three percent (3%) per year. The current Wholesale Water Rate is $7.49 per 1,000 gallons of water delivered. The Annual Water Rate Payment for 2026 is $202,535.73. Under the Wholesale Water Contract Amendment, Metro also has the authority to impose a surcharge for actual increases in the volumetric rate charged to Metro by its supplier as well as a surcharge to recover the cost of new capital assets necessary to serve the Participants.

Pursuant to the Water Supply Contract Amendment, Metro invoices the Master District for wholesale water service provided to the Participants using a take or pay minimum base quantity formula. Under this structure, the minimum base quantity of water for which the Participants will be charged for the year commencing March 1, 2026, is 376,460,940 gallons of water. The minimum base quantity for each year thereafter (March through February) will be the prior year's minimum base quantity plus 90% of the amount of water used by the Participants during the prior year in excess of the minimum base quantity for that year.

Metro Water Supply and Transmission Facilities

The water supplied to the Participants from Metro is obtained by Metro under an "Amended and Restated Wholesale Potable Water Supply Agreement" dated April 11, 2011 (the "EPCOR Contract") between Metro and EPCOR. Blue Water 130 Project, LP's assets have been acquired by EPCOR 130 Project, Inc. ("EPCOR"), a wholly-owned subsidiary of EPCOR Utilities, Inc. It is the District's understanding that Metro has sufficient water capacity available under the EPCOR Contract to serve 6,010 connections within the Participants. The point of delivery for water delivered to Metro under the EPCOR Contract is the 500,000 gallon elevated storage tank owned by Metro adjacent to the Master District's Service Area. The facilities necessary to deliver water under the EPCOR Contract have been constructed, and such water became available to Metro (and the Participants through Metro) on July 5, 2011. Under the terms of the Water Supply Contract Amendment, Metro is required to reserve capacity to and for the benefit of the Participants in the water supply available to Metro under the EPCOR Contract equal to the number of LUEs paid for by or on behalf of the Participants. As of November 23, 2025, 3,904 LUEs have been paid for by or on behalf of the Participants to Metro. According to the Master District's operator, as of November 23, 2025, there were 3,904 connections within the Master District Service Area.

In addition, SWWC Services, Inc., the Master District's prior operator and an affiliate of Metro, previously advised the Master District that there is a physical water interconnect located between the Metro facilities and the City of Manor. In the past, Manor and Metro have utilized the interconnect; however, the Master District has been advised that the agreement providing for the interconnect has expired, and the District makes no representation that such agreement will be renewed.

City of Manor Emergency Water Interconnect

The Master District and the City of Manor have entered into an "Interlocal Agreement Concerning Emergency Water Interconnect" dated effective June 6, 2014, which can provide a short-term water supply to customers within the Participants in emergency situations.

Master District Distribution, Rechlorination, and Storage Facilities

The Master District has constructed a 24-inch water transmission main which distributes the water delivered by Metro approximately 3.3 miles from the Metro elevated storage tank, through the District and to a terminus within Cottonwood Creek MUD No. 1. Additionally, the Master District has constructed one chlorination facility outside the boundaries of the Master District at the beginning of the Master District's 24-inch water transmission main near the 500,000 gallon elevated storage tank owned by Metro To date, the chlorination facility has not been needed for the water supply received pursuant to the EPCOR Contract.

It was originally anticipated that the Master District would be required to construct one or more water storage facilities as development increases demand for water supply within the Master District Service Area. The Master District completed construction of an 800,000-gallon elevated water storage tank which was placed into service in late 2022. According to the District's Engineer, the current total of the water storage capacity available to the Master District's Service Area is 1,300,000, which is sufficient to serve 6,500 LUEs pursuant to TCEQ regulations.

Wastewater Collection and Treatment

The Participants and Metro originally entered into the Wastewater Treatment Contract pursuant to which Metro agreed to construct certain wastewater treatment facilities sufficient to serve up to 6,010 LUEs of wastewater from the Participants. Cottonwood Creek Water Control and Improvement District No. 3 was also a party to the Wastewater Treatment Contract but was not allocated any capacity. Under the Wastewater Treatment Contract, Metro completed construction of wastewater facilities including a 500,000 gallons per day ("gpd") wastewater treatment plant and lift station (the "Wastewater Treatment Plant"). Based upon average daily flow of 250 gpd per LUE, the 500,000 gpd Wastewater Treatment Plant was sufficient to serve 2,631 LUEs, according to the Master District's Engineer. Pursuant to the Capacity Assignment, the Participants assigned all of their rights and obligations with respect to wastewater treatment capacity under the Wastewater Treatment Contract to the Master District, which, in turn, reserved wastewater treatment capacity in favor of the Participants at full build-out in the amounts set forth

in the Wastewater Treatment Contract and agreed to allocate wastewater treatment capacity on an interim basis fairly and equitably among the Participants.

When Southwest Water Company, the parent of Metro, announced its intention to sell its wholesale operations in Texas, the Master District negotiated to purchase the Wastewater Treatment Plant from Metro pursuant to an Asset Purchase Agreement dated November 20, 2008. The closing of such transaction occurred on December 31, 2008, at which time Metro transferred ownership of the Wastewater Treatment Plant and its interest in the Wastewater Treatment Contract to the Master District. Since then, Master District has operated and maintained the Wastewater Treatment Plant as a Master District Facility and has included the costs of the operations in its annual budgets. The cost of operation and maintenance of the Wastewater Treatment Plant is invoiced to each of the Participants on a monthly basis, in accordance with the Master District Contract.

As a result of the persistent challenges with membrane treatment technology, the Master District financed the design and construction of a new conventional technology 1,000,000 gpd Wastewater Treatment Plant with the proceeds of certain Contract Tax Bonds, which is now in service. See "THE MASTER DISTRICT – Master District Area," " – Contract Tax Bonds," and "- Recent Commission Action." Based on the recently approved daily flow of 200 gpd/LUE, the 1.0 mgd Wastewater Treatment Plant will be sufficient to serve 5,000 LUEs. The Master District consultants are monitoring growth projections and connections to the Master District's wastewater system in order to manage wastewater treatment capacity needs and future expansions of the Wastewater Treatment Plant, and the Master District has initiated the design of an expansion to the Wastewater Treatment Plant that will increase the plant's treatment capacity to 1.5 mgd.

Drainage System

The storm drainage system that serves the District consists of curb and guttered streets and storm sewers that collect storm water runoff for outfall to two detention ponds in the District which flow into Wilbarger Creek, which, in turn, flows into the Colorado River. The facilities are designed in accordance with Travis County and Manor criteria.

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 Engineer, approximately 11 acres located within the District are located within the planned designated Flood Hazard Area as shown on the Federal Flood Insurance Administration Rate Map No. 48453C0485H.

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

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

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the rates and fees for the District's water and sewer service which have been in effect since April 1, 2026.

Monthly Billings:

5/8" Meter	$ 51.27*
3/4" Meter	$ 51.77*
Monthly Water Commodity Charge	
0-15,000 gallons	$ 8.28 per 1,000 gallons
15,001+ gallons	$ 9.83 per 1,000 gallons
Monthly Wastewater Commodity Charge	$ 7.50 per 1,000 gallons

* Single family residential meter includes solid waste/recycling services.

Operating Revenues and Expenses Statement - Table 2

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

	Fiscal Year End				
	6/30/2026	9/30/2025[(b)]	9/30/2024[(b)]	9/30/2023[(b)]	9/30/2022[(b)]
REVENUES					
Property taxes, including penalties	$ 999,111	$ 921,442	$ 890,382	$ 846,631	$ 611,978
Service Accounts, including penalties	1,485,668	1,993,323	1,759,732	1,847,100	1,917,567
Connection/Inspection fees	-	-	3,890	4,975	-
Interest	177,251	245,622	286,141	219,130	28,409
Other	-	-	-	-	-
TOTAL REVENUES	**$ 2,662,030**	**$ 3,160,387**	**$ 2,940,145**	**$ 2,917,836**	**$ 2,557,954**
EXPENDITURES					
Garbage Collection Fees	$ 223,699	$ 279,833	$ 249,272	$ 248,944	$ 249,928
Repairs/Maintenance	229,115	359,578	218,196	100,326	114,056
Operations/Management Fee	127,603	169,619	162,370	153,765	154,147
Inspection/Review Fee	9,372	9,344	385,534	250	-
Director Fees, including payroll taxes	11,412	15,184	15,324	11,081	9,689
Legal Fees	43,981	50,189	41,488	49,491	47,735
Engineering Fees	73,144	29,608	13,660	15,429	23,999
Audit Fees	17,500	16,750	16,000	15,750	15,000
Bookkeeping Fees	35,113	42,025	40,563	35,750	35,250
Financial Advisor Fees	1,025	927	613	569	512
Tax Appraisal/Collection Fees	4,860	5,468	5,250	4,299	3,124
Insurance	9,958	10,978	9,633	7,460	7,149
Other Consultant Fees	-	-	-	4,550	3,600
Interfund Transfers[(c)]	967,899	1,356,004	1,384,790	1,517,441	1,068,172
Other	18,316	35,858	41,192	56,822	51,571
Capital Outlay	-	192,119	-	-	-
TOTAL EXPENDITURES	**$ 1,772,997**	**$ 2,573,484**	**$ 2,583,885**	**$ 2,221,927**	**$ 1,783,932**
NET REVENUES (DEFICIT)	**$ 889,033**	**$ 586,903**	**$ 356,260**	**$ 695,909**	**$ 774,022**
Beginning Fund Balance	**$ 6,032,175**	**$ 5,445,272**	**$ 5,089,012**	**$ 4,393,103**	**$ 3,619,081**
Plus / (Less): Fund Transfer	**-**	**-**	**-**	**-**	**-**
Ending Fund Balance	**$ 6,921,208**	**$ 6,032,175**	**$ 5,445,272**	**$ 5,089,012**	**$ 4,393,103**

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

(b) Audited.

(c) Interfund Transfers include the costs paid to the Master District for water supply and wastewater treatment costs.

PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3

Travis County Municipal Utility District No. 2
$2,330,000
Unlimited Tax Bonds, Series 2026
Dated Date: October 7, 2026
First Interest Payment Due: March 1, 2027

Year Ending 31-Dec	Outstanding Bonds				The Bonds*					Projected Total Debt Service Requirements
	Principal Due (09/01)	Interest Due (03/01)	Interest Due (09/01)	Total	Principal (Due 9/01)	Interest (Due 3/01)	Interest (Due 9/01)	Total	Principal and Interest	
2026	$ 765,000	203,916	$ 203,916	$ 1,172,831	$ -	$ -	$ -	$ -	$ -	$ 1,172,831
2027	785,000	193,022	193,022	1,171,044	260,000	87,014	87,500	174,514	434,514	1,605,558
2028	815,000	181,947	181,947	1,178,894	270,000	86,713	86,713	173,425	443,425	1,622,319
2029	845,000	171,084	171,084	1,187,169	275,000	85,925	85,925	171,850	446,850	1,634,019
2030	900,000	159,878	159,878	1,219,756	255,000	85,050	85,050	170,100	425,100	1,644,856
2031	1,025,000	146,825	146,825	1,318,650	165,000	84,175	84,175	168,350	333,350	1,652,000
2032	1,060,000	131,219	131,219	1,322,438	170,000	83,300	83,300	166,600	336,600	1,659,038
2033	1,095,000	114,850	114,850	1,324,700	175,000	82,338	82,338	164,675	339,675	1,664,375
2034	1,135,000	97,797	97,797	1,330,594	180,000	81,375	81,375	162,750	342,750	1,673,344
2035	1,175,000	80,381	80,381	1,335,763	180,000	80,238	80,238	160,475	340,475	1,676,238
2036	1,220,000	61,919	61,919	1,343,838	185,000	78,925	78,925	157,850	342,850	1,686,688
2037	1,265,000	42,591	42,591	1,350,181	185,000	77,088	77,088	154,175	339,175	1,689,356
2038	1,455,000	28,791	28,791	1,512,581	30,000	73,850	73,850	147,700	177,700	1,690,281
2039	1,515,000	15,150	15,150	1,545,300	-	-	-	-	-	1,545,300
	$ 15,055,000	**$ 1,629,369**	**$ 1,629,369**	**$ 18,313,737**	**$ 2,330,000**	**$ 985,989**	**$ 986,475**	**$ 1,972,464**	**$ 4,302,464**	**$ 22,616,201**

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* Interest estimated at 4.75% for purposes of illustration.

FINANCIAL STATEMENT
(Unaudited)

Assessed Value – Table 4

2025 Certified Assessed Valuation		$455,547,186 [(a)]
2026 Certified Assessed Valuation		$434,625,486 [(b)]
Estimated Assessed Valuation as of May 1, 2026		$412,885,476 [(c)]
Gross Debt Outstanding (after issuance of the Bonds)		
District Debt	$ 17,385,000	
Contract Debt	10,913,857	$ 28,298,857 [(d)]
Ratio of Gross Debt to 2025 Certified Assessed Valuation[(a)]		6.21%
Ratio of Gross Debt to 2026 Certified Assessed Valuation[(b)]		6.51%
Ratio of Gross Debt to Estimated Assessed Valuation as of May 1, 2026[(c)]		6.85%
2025 Tax Rate		
Debt Service	$ 0.2625	
Maintenance	0.2185	
Contract	0.3500	
Total 2025 Tax Rate		$ 0.8310 [(e)]
Debt Service Fund Balance (as of August 5, 2026)		$ 1,676,657 [(f)]

Area of District: 404.1 acres
Estimated Population as of May 1, 2026: 3,234[(g)]

(a) The certified assessed valuation as of January 1, 2025, as provided by Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."
(b) The certified assessed valuation as of January 1, 2026, as provided by TCAD. See "TAXING PROCEDURES."
(c) The estimated assessed valuation as of May 1, 2026, as provided by TCAD, included solely for purposes of illustration. See "TAXING PROCEDURES."
(d) Includes the Bonds. The District is a party to a contract with the Master District whereby the District is obligated to pay a pro rata share of debt service on bonds issued from time to time by the Master District to acquire, construct, purchase, and maintain certain facilities to provide regional water, wastewater, and drainage services to all Participants. The Master District has issued six (6) series of new money bonds and three (3) series of refunding bonds in the aggregate original principal amount of $53,670,000 of which $25,380,000 is currently outstanding. The contract debt amount reflects the District's pro rata share of the Master District bond debt (32.81% based on the 2025 Certified Assessed Valuation of $1,386,921,353 of the Master District Service Area). Additionally, the Master District anticipates issuing a series of new money contract tax bonds in the aggregate principal amount of $36,950,000 in late 2026. See "THE MASTER DISTRICT – Contract Tax Bonds."
(e) The District levied a 2025 total tax rate of $0.8310 at its meeting in September 2025. Additionally, the District anticipates levying its 2026 total tax rate at its September 2026 meeting. See "TAXING PROCEDURES."
(f) Unaudited as of August 5, 2026. Preliminary; subject to change. Does not include approximately twelve (12) months' capitalized interest ($110,675 at an anticipated interest rate of 4.75%) included in the Bond proceeds, which is projected 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) Based upon 3.0 residents per completed and occupied single-family home as of May 1, 2026.

Unlimited Tax Bonds Authorized but Unissued - Table 5

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
5/3/2003	Water, Wastewater, and Drainage	$ 38,580,000	$ 24,445,000 [(a)]	$ 14,135,000
2/7/2004	Parks and Recreational Facilities	3,500,000	-	3,500,000
5/3/2003	Refunding	57,870,000	854,401	57,015,599
Total		**$ 99,950,000**	**$ 25,299,401**	**$ 74,650,599**

(a) Includes the Bonds.

Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding
A. New Money Bonds				
11/1/2004	Water, Wastewater, and Drainage	2004	$ 2,000,000	-
11/1/2005	Water, Wastewater, and Drainage	2005	2,360,000	-
10/1/2006	Water, Wastewater, and Drainage	2006	2,495,000	-
8/1/2020	Water, Wastewater, and Drainage	2010	2,000,000	-
01/04/17	Water, Wastewater, and Drainage	2017	5,620,000	4,775,000
08/07/19	Water, Wastewater, and Drainage	2019	2,640,000	2,130,000
09/02/20	Water, Wastewater, and Drainage	2020A	5,000,000	4,760,000
09/02/26	Water, Wastewater, and Drainage	2026	2,330,000	2,330,000 (a)
	Subtotal		**$ 24,445,000**	**$ 13,995,000**
B. Refunding Bonds				
12/01/11	Refunding	2011	$ 4,775,000	$ -
04/01/15	Refunding	2015	3,400,000	2,060,000
04/08/20	Refunding	2020	2,410,000	1,330,000
	Subtotal		**$ 10,585,000**	**$ 3,390,000**
	Total		**$ 35,030,000**	**$ 17,385,000**

(a) In the process of issuance.

Cash and Investment Balances - Table 7

General Fund	$ 6,798,947	(a)
Capital Projects Fund	868,545	(a)
Special Reserve Fund	-	(a)
Debt Service Fund	1,676,657	(b)

(a) Unaudited as of August 5, 2026.

(b) Preliminary; subject to change. Does not include approximately twelve (12) months' capitalized interest ($110,675 at an anticipated interest rate of 4.75%) included in the Bond proceeds, which is projected 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.

Investment Authority and Investment Practices of the District

Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the FDIC or by explicit full faith and credit of the Unites States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-

1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the SEC that complies with SEC Rule 2a-7; (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in the this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

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

other funds held for debt service, and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments - Table 8

The District, as of August 5, 2026 (unaudited), was invested in TexPool. This investment portfolio is generally representative of the District's investment practices. GASB Statement No.3 requires the District to assign risk categories for its investment, except those in which securities are not used as evidence of the investment. TexPool is a public funds investment pool. TexPool has not been assigned a risk category since the District has not issued securities, but rather it owns an undivided beneficial interest in the assets of TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

	Investment Value as of August 5, 2026
Cash	$ 152,255
TexPool	9,191,894
Total Investments	**$ 9,344,149**

Estimated Overlapping Debt Statement

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

Taxing Body	Total Tax Supported Debt Amount	Total Tax Supported Debt As of	% of Overlapping Net Debt	Amount of Overlapping Net Debt
Travis County	$ 1,202,190,000	7/31/2026	0.160%	$ 1,923,504
Austin Community College	657,685,000	7/31/2026	0.130%	854,991
Travis County ESD No. 12	-	7/31/2026	0.000%	-
City of Manor	82,610,000	7/31/2026	0.440%	363,484
Manor Independent School District	418,444,999	7/31/2026	4.670%	19,541,381
Travis County Healthcare District	398,205,000	7/31/2026	0.160%	637,128
TOTAL ESTIMATED OVERLAPPING NET DEBT				**$ 23,320,488**
The District [(a)]	$ 28,298,857	10/7/2026	100.00%	$ 28,298,857
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT				**$ 51,619,345**
Ratio of Estimated and Overlapping Debt to 2025 Certified Assessed Valuation				**11.33%**
Ratio of Estimated and Overlapping Debt to 2026 Certified Assessed Valuation				**11.88%**
Ratio of Estimated Overlapping Debt & Direct Debt to Estimated Assessed Valuation as of May 1, 2026				**12.50%**

(a) Includes the Bonds.

Overlapping Taxes for 2025

Overlapping Entity	2025 Tax Rate Per $100 Assessed Valuation Travis County	Average Tax Bill [(a)] Travis County
Travis County	$0.375845	$ 1,371
Austin Community College	0.103400	377
Travis County ESD No. 12	0.100000	365
Manor Independent School District	1.081400	3,945
Travis County Healthcare District	0.118023	431
The District	0.831000	3,032
Total	**$2.609668**	**$ 9,521**

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(a) Based upon the 2025 average single-family home value of $364,834 as provided by TCAD.

TAX DATA

Classification of Assessed Valuation - Table 9

Type Property	2026[(a)] Amount	2026[(a)] %	2025[(b)] Amount	2025[(b)] %	2024[(b)] Amount	2024[(b)] %	2023[(b)] Amount	2023[(b)] %
Single Family Residential	$ 423,123,619	97.35%	$ 478,248,068	104.92%	$ 532,665,444	40.00%	$ 576,504,586	121.69%
Vacant Platted Lots/Tracts	368,602	0.08%	386,802	0.08%	58,911	0.97%	53,801	0.01%
Qualified Open Space Land	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Rural Land, Non-Qualified	26,096	0.01%	26,096	0.01%	26,096	0.28%	914,918	0.19%
Commercial Real Property	12,313,210	2.83%	11,847,383	2.60%	11,972,281	2.72%	11,947,812	2.52%
Commercial Personal Property	69,349	0.02%	1,029,625	0.23%	1,046,131	0.27%	1,129,390	0.24%
Telephone Company	-	0.00%	4,381	0.00%	4,302	0.00%	7,610	0.00%
Residential Inventory	-	0.00%	-	0.00%	242,221	0.44%	2,250,928	0.38%
Tangible Personal Property	-	0.00%	16,767	0.00%	15,884	0.00%	2,619	0.00%
Totally Exempt Property	-	0.00%	910,501	0.20%	997,412	0.09%	759,786	0.09%
Adjustments & Exemptions	(1,275,390)	-0.29%	(36,652,488)	-8.04%	(62,596,421)	-1.61%	(119,838,708)	-1.55%
Total	**$434,625,486**	**100.00%**	**$455,817,135**	**100.00%**	**$484,432,261**	**100.00%**	**$473,732,742**	**100.00%**

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(a) Provided by TCAD.
(b) Assessed Valuation reflects the adjusted value at September 30th as included in the audited financial statements.

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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	Current Collections Amount	Current Collections %	Total Collections Amount	Total Collections %	Year Ending
2021	336,927,102	0.8820	2,971,697	2,962,782	99.70%	2,962,782	99.70%	9/30/2022 (b)
2022	445,457,650	0.8280	3,688,389	3,677,324	99.70%	3,677,324	99.70%	9/30/2023 (b)
2023	473,732,742	0.7925	3,773,348	3,762,028	99.70%	3,762,028	99.70%	9/30/2024 (b)
2024	484,432,261	0.7925	3,845,979	3,780,597	98.30%	3,780,597	98.30%	9/30/2025 (b)
2025	455,547,186	0.8310	3,787,882	3,736,906	98.65%	3,736,906	98.65%	9/30/2026 (c)

(a) Assessed Valuation reflects the adjusted value at September 30th as included in the audited financial statement.
(b) Audited.
(c) Reflects tax collections through June 30, 2026.

District Tax Rates - Table 11

	Tax Rates per $100 Assessed Valuaton				
	2025	2024	2023	2022	2021
Debt Service	$ 0.2625	$ 0.2505	$ 0.2550	$ 0.2880	$ 0.3500
Maintenance	0.2185	0.1920	0.1875	0.1900	0.1820
Contract	0.3500	0.3500	0.3500	0.3500	0.3500
Total	**$ 0.8310**	**$ 0.7925**	**$ 0.7925**	**$ 0.8280**	**$ 0.8820**

Tax Rate Limitation

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

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, constructing, acquiring, maintaining, repairing, or 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 which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds and the Bonds, and any tax bonds which may be issued in the future. At an election held on May 3, 2003, voters within the District authorized a maintenance tax not to exceed $1.50/$100 assessed valuation. As shown above under "District Tax Rates," the District voted to levy a 2025 maintenance and operations tax of $0.2185/$100 assessed valuation.

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Principal Taxpayers - Table 12

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

Name	Type of Property	2026[(a)]	2025[(b)]	2024[(b)]	2023[(b)]
ASC Medical 8 Holdings LLC	Land & Improvements	$ 8,397,910	$ 8,347,383	$ 8,286,581	$ 8,521,112
HFS Brothers Investments LLC	Land & Improvements	3,915,300	3,500,000	3,359,000	3,100,000
Individual Homeowner	Land & Improvements	635,350	857,119	(d)	(d)
Individual Homeowner	Land & Improvements	623,963	807,227	755,156	740,807
Individual Homeowner	Land & Improvements	609,115	759,616	(d)	(d)
Individual Homeowner	Land & Improvements	604,516	690,261	(d)	(d)
Individual Homeowner	Land & Improvements	595,599	649,604	(d)	763,428
Individual Homeowner	Land & Improvements	584,671	641,357	(d)	645,925
Individual Homeowner	Land & Improvements	583,777	612,539	666,131	(d)
Individual Homeowner	Land & Improvements	583,686	609,327	(d)	(d)
Individual Homeowner	Land & Improvements	569,183	(d)	656,695	(d)
Individual Homeowner	Land & Improvements	568,917	(d)	649,280	(d)
Individual Homeowner	Land & Improvements	565,431	(d)	630,587	(d)
Individual Homeowner	Land & Improvements	563,583	(d)	616,185	(d)
Individual Homeowner	Land & Improvements	558,254	(d)	601,485	(d)
Individual Homeowner	Land & Improvements	548,163	(d)	597,214	(d)
Perry Homes LLC[(c)]	Land & Improvements	(d)	(d)	(d)	1,491,109
Phau-Shadowglen 22 LLC	Land & Improvements	(d)	(d)	(d)	888,822
Individual Homeowner	Land & Improvements	(d)	(d)	(d)	661,647
Individual Homeowner	Land & Improvements	(d)	(d)	(d)	645,429
Individual Homeowner	Land & Improvements	(d)	(d)	(d)	640,850
Total		$ 20,507,418	$ 17,474,433	$ 16,818,314	$ 18,099,129
Percent of Assessed Valuation		4.72%	3.84%	3.47%	3.82%

(a) Provided by TCAD.

(b) Assessed valuation reflects the adjusted value at September 30th as included in the audited financial statement.

(c) The designated taxpayer is concentrated in the homebuilding industry. See "THE DEVELOPER - Homebuilder within the District" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Dependence Upon the Developer, Lot Owners, and Builders."

(d) Not a principal taxpayer in r espective year.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2025 Certified Assessed Valuation, 2026 Certified Assessed Valuation, and Estimated Assessed Valuation as of May 1, 2026, and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds (at an estimated interest rate of 4.75% per annum). No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS - Impact on District Tax Rates."

Projected Average Requirement on the Bonds (2026 through 2039)	$1,615,443
$0.38 Tax Rate on 2025 Certified Assessed Valuation of $455,547,186 @ 95% collections produces	$1,644,525
$0.40 Tax Rate on 2026 Certified Assessed Valuation of $434,625,486 @ 95% collections produces	$1,651,577
$0.42_ Tax Rate on Estimated Assessed Valuation as of May 1, 2026 of $412,885,476 @ 95% collections produces	$1,647,413
Projected Maximum Requirement on the Bonds (2038)	$1,690,281
$0.40 Tax Rate on 2025 Certified Assessed Valuation of $455,547,186 @ 95% collections produces	$1,731,079

$0.41 Tax Rate on 2026 Certified Assessed Valuation of $434,625,486 @ 95% collections produces	$1,692,866
$0.44 Tax Rate on Estimated Assessed Valuation as of May 1, 2026 of $412,885,476 @ 95% collections produces	$1,725,861

Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/2026	$1,172,831[(a)]
Audited Debt Service Fund Balance as of 9/30/25	655,442[(b)]
Capitalized Interest included in Bond proceeds	110,675[(c)]
2025 Tax Levy @ 95% collections produces	1,134,679[(d)]
Total Available for Debt Service	$1,900,796
Projected Debt Service Fund Balance as of September 30, 2026	$727,965

(a) Interest requirements on the Bonds begin March 1, 2027. See "PROJECTED DEBT SERVICE REQUIREMENTS – Table 3."
(b) Audited. Represents debt service fund balance after all 2025 debt service requirements have been paid.
(c) Preliminary; subject to change. Represents approximately twelve (12) months of capitalized interest ($110,675 at an anticipated interest rate of 4.75%) which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.
(d) The District levied a 2025 debt service tax rate of $0.2625/$100 assessed valuation.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS - Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA - Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

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

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

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

Property Subject to Taxation by the District

***General*:** Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the appraisal district to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; income producing tangible personal property or mineral interests with a taxable value of less than $500; certain property used for the control of air, water, or land pollution; solar and wind powered energy devices; certain non-profit cemeteries; farm products owned by the producer; certain property owned by qualified charitable, religious, veterans, youth development, or fraternal organizations; designated historical sites; travel trailers; and most individually owned automobiles. Property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between $5,000 and $12,000 of assessed value depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation on the same or subsequently qualified homestead of the total appraised value of the same property to which the disabled veteran's exemption applied. The surviving spouse of a member of the armed services who was killed in action is entitled to an exemption from taxation of the total appraised value of the surviving spouse's residence homestead where certain conditions are met 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, 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. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Also partially exempt, if approved by the Board or at an election called by the Board upon petition of at least 20% of the qualified voters who voted in the District's preceding election, are residence homesteads of certain persons who are disabled or at least 65 years old, not less than $3,000 of appraised value or such higher amount as the Board or the District's voters may approve. Furthermore, the surviving spouse of a person 65 or older is entitled to an exemption for the same property in an amount equal to that which the deceased spouse was qualified, subject to certain conditions. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but it must be adopted by July 1.

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

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as certain personal property acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicles, vessel and outboard motors, heavy equipment, and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for personal property. The District took no action prior to April 1, 1990 to tax freeport property but has acted to tax goods-in-transit.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 under the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Valuation of Property for Taxation

Generally, property in the District must be appraised by TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as 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 TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in TCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by TCAD 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 TCAD 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 TCAD chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before January 8 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs in an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, sixty (60) days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment, and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties, and interest if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding twenty-four (24) months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least twelve (12) months and no more than thirty-six (36) months. Additionally, the owner of a residence 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.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

Tax Payment Installments

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

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL STATEMENT - Overlapping Taxes for 2025." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have

claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS - Tax Collections and Foreclosure Remedies."

Effect of FIRREA on Tax Collections

FIRREA 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. See "INVESTMENT CONSIDERATIONS – The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District."

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchaser to accept and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

TAX MATTERS

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., 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 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 relating to arbitrage and the application of the proceeds of the Bonds and the property financed or refinanced therewith. 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 the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service (the "IRS") by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the IRS 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 corporation's "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 obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District 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 certain 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 1 through 12 and in Appendix A, if such audited financial statements 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, the District will file unaudited financial statements 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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Court or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court 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) of the preceding paragraph, 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 in clauses (15) and (16) in the preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 29, 2018.

The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be 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.

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

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure undertakings in accordance with the Rule.

FINANCIAL ADVISOR

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

OFFICIAL STATEMENT

Preparation

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

"THE DISTRICT" and "THE SYSTEM" – District Engineer; "THE DEVELOPER" – SG Land Holdings; "FINANCIAL STATEMENT - Unlimited Tax Bonds Authorized But Unissued – Table 5" - Records of the District, "FINANCIAL STATEMENT – Assessed Value – Table 4" – TCAD; "FINANCIAL STATEMENT - Estimated Overlapping Debt Statement" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" and "THE SYSTEM - Water and Wastewater Operations – Rate and Fee Schedule – Table 1" – Records of the District; "THE DISTRICT – Management" - District Directors; "Projected Debt Service Requirements – Table 3" - Financial Advisor; "THE BONDS" (except "Payment Record"), "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" - 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" and "THE SYSTEM," has been provided by Jones-Heroy & Associates, Inc. as the District Engineer, 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 the fiscal year ended September 30, 2025 were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC Certified Public Accountants. See "Appendix A" for a copy of the District's September 30, 2025 final audited financial statements.

Appraisal District: The information contained in this Official Statement relating to the certified assessed valuation of property in the District and, in particular, such information contained in the section captioned "FINANCIAL STATEMENT," has been provided by TCAD, in reliance upon its authority in the field of appraising and tax assessing.

Tax Assessor/Collector: The information contained in this Official Statement relating to tax collection rates, and principal taxpayers has been provided by Mr. Bruce Elfant in reliance upon his authority in the field of tax assessing and collecting.

Updating the Official Statement during Underwriting Period

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

Certification as to Official Statement

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

Official Statement "Deemed Final"

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

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

Annual Audits

Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond

outstanding. Copies of each audit report must also be filed in the office of the District. The District's fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District's audit reports to any registered owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

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

_____
Wilmer Roberts
President, Board of Directors
Travis County Municipal Utility District No. 2

_____
Sarah Rossig
Secretary, Board of Directors
Travis County Municipal Utility District No. 2

PHOTOGRAPHS

The following photographs were taken in the District. The homes and commercial establishments 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."

Shadow Glen
DOCTOR NAILS
DENTIST
DONUTS
HT Fitness
OPEN 24 HRS
BEER
Discount Mattress & Furniture

FAST MED
URGENT CARE

TRAVIS CO.
MUNICIPAL UTILITY
DISTRICT 2
SHADOWGLEN
IS A NO
SOLICITATION
NEIGHBORHOOD.
Solicitors are not
welcome and will
be reported to
Police.

SUGAR RIDGE
CROWNDALE

APPENDIX A
Audited Financial Statements of the District for the Fiscal Year Ended September 30, 2025

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

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2025

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF TRAVIS

I, Wilmer Roberts, President, Board of Directors of the
(Name of Duly Authorized District Representative)

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

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **4th day of February, 2026**, its annual audit report for the fiscal period ended **September 30, 2025** and that copies of the annual audit report have been filed in the District's office, located at:

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

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: February 4, 2026 By: _____
(Signature of District Representative)

Wilmer Roberts, President, Board of Directors
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 4th day of February, 2026.

(SEAL)

JOHN W BARTRAM
State of Texas
Notary Public
Commission No. 12511627-5
My Commission Expires 11/12/2028

_____
(Signature of Notary)

My Commission Expires On: Nov. 12, 2028.
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 07/2012)

INDEPENDENT AUDITOR'S REPORT

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Travis County Municipal Utility District No. 2
Travis County, Texas

Opinions

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

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

Basis for Opinions

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

Prior Period Adjustment

As discussed in Note 7 to the financial statements, the District recognized capital assets that were previously recognized as expenditures in fiscal year 2024 resulting in the restatement of the District's government wide financial statements as of and for the year ended September 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Responsibilities of Management for the Financial Statements (continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

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

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

February 4, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current fiscal year, the total nonspendable and unassigned fund balance was $6,032,575, an increase of $586,903 from the previous fiscal year. General fund revenues increased from $2,940,145 in the previous fiscal year to $3,160,387. Operating transfers out decreased from $1,384,790 in the previous year to $1,356,004 in the current fiscal year.
- *Special Revenue Fund*: Fund balance restricted for contracted Master District expenditures was unchanged for the fiscal year. The District incurred $3,047,413 in contract charges to the Master District during the current fiscal year. Revenues increased from $1,698,104 in the previous fiscal year to $1,703,065 as a result of increased property tax revenues generated from an increase in the District's assessed valuation.
- *Debt Service Fund*: Fund balance restricted for debt service increased from $589,340 in the previous fiscal year to $655,442 in the current fiscal year. Debt service fund revenues decreased from $1,264,957 in the previous fiscal year to $1,250,663 in the current fiscal year due to a decrease in the tax rate allocated to the Debt Service Fund.
- *Capital Projects Fund*: Fund balance restricted for capital projects increased from $807,726 in the previous fiscal year to $839,104 in the current fiscal year.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had revenues net of expenses of $1,267,160. Net position increased from $4,611,663 (which includes a restatement of prior year fund balance by $385,389) to $5,878,823.

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

OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by order of the Texas Water Commission, a predecessor of the Texas Commission on Environmental Quality, on December 13, 1983 and confirmed pursuant to an election held within the District on August 25, 1984. The District was created to provide water, wastewater, and storm drainage facilities to serve approximately 375 acres located within its boundaries and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. Since creation, the District's Board of Directors has approved two exclusions of land from the District and four annexations of land into the District resulting in a total of approximately 404 acres. The District is located partially within the city limits of the City of Manor and partially within the extraterritorial jurisdiction of the City of Manor and entirely within Travis County, Texas. The District is located approximately ten miles northeast of the central business district of the City of Austin, lies adjacent to the city limits of Manor, and is bounded by U.S. Highway 290 on the south. The District is one of four political subdivisions, including Cottonwood Creek Municipal Utility District No. 1, Wilbarger Creek Municipal Utility District No. 1, and Wilbarger Creek Municipal Utility District No. 2 (the "Participant Districts"), created to provide water, wastewater, and storm drainage to approximately 1,514 acres located within Travis County, Texas. Under this arrangement, Wilbarger Creek Municipal Utility District No. 2 serves as the "Master District" for the purpose of coordinating the design, construction, ownership, operation, and maintenance of the water distribution and treatment, wastewater collection and treatment, drainage, and water quality facilities to serve the Participant Districts.

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

USING THIS ANNUAL REPORT

This annual report consists of five parts:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2025	2024*	
Current and other assets	$ 8,324,628	$ 7,454,193	$ 870,435
Capital assets	13,456,829	13,661,403	(204,574)
Total Assets	21,781,457	21,115,596	665,861
Deferred Outflows of Resources	94,025	107,336	(13,311)
Current Liabilities	1,489,086	1,332,470	156,616
Long-term Liabilities	14,507,573	15,278,799	(771,226)
Total Liabilities	15,996,659	16,611,269	(614,610)
Net Investment in Capital Assets	(679,647)	(1,239,366)	559,719
Restricted	701,593	593,360	108,233
Unrestricted	5,856,877	5,257,669	599,208
Total Net Position	$ 5,878,823	$ 4,611,663	$ 1,267,160

* As restated

The District's net position increased from $4,611,663 in the previous fiscal year to $5,878,823 in the current fiscal year. Some of the District's assets are restricted for particular purposes, such as debt service and capital projects. The District's unrestricted net position, which can be used to finance day to day operations, totaled $5,856,877.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase
	2025	2024*	(Decrease)
Property Tax	$ 3,857,452	$ 3,769,551	$ 87,901
Service Accounts	1,993,323	1,759,732	233,591
Other	353,468	421,094	(67,626)
Total Revenues	6,204,243	5,950,377	253,866
Contracted Master District services	3,047,413	3,071,950	(24,537)
Contracted Services	818,374	629,983	188,391
Professional Services	142,397	114,301	28,096
Other	95,397	96,191	(794)
Debt Service	436,809	466,122	(29,313)
Depreciation	396,693	330,207	66,486
Total Expenses	4,937,083	4,708,754	228,329
Change in Net Position	1,267,160	1,241,623	25,537
Beginning Net Position	4,611,663	3,370,040	1,241,623
Ending Net Position	$ 5,878,823	$ 4,611,663	$ 1,267,160

*As restated

Revenues were $6,204,243 for the fiscal year ended September 30, 2025 while expenses were $4,937,083. Net position increased by $1,267,160.

Property tax revenues in the current fiscal year totaled $3,857,452. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2024 tax year (September 30, 2025 fiscal year) were based upon a current assessed value of $484,432,261 and a tax rate of $0.7925 per $100 of assessed valuation. Property taxes levied for the 2023 tax year (September 30, 2024 fiscal year) were based upon an adjusted assessed value of $473,732,742 and a tax rate of $0.7925 per $100 of assessed valuation. The District's primary revenue sources are property taxes and service accounts.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2025	2024	2023
Cash	$ 493,106	$ 182,416	$ 445,883
Cash equivalents/investments	7,406,426	6,977,356	6,180,949
Receivables and prepaids	457,163	340,043	282,121
Total Assets	$ 8,356,695	$ 7,499,815	$ 6,908,953
Accounts payable	132,611	126,128	69,018
Refundable deposits	200,652	193,777	191,727
Interfund payables	35,424	49,725	3,665
Intergovernmental payables	356,836	236,837	227,489
Total Liabilities	725,523	606,467	491,899
Deferred Inflows of Resources	104,051	50,610	45,604
Nonspendable	953	722	1,242
Restricted	1,494,546	1,397,066	1,282,038
Assigned	-	-	10,278
Unassigned	6,031,622	5,444,950	5,077,892
Total Fund Balance	7,527,121	6,842,738	6,371,450
Total Liabilities and Fund Balances	$ 8,356,695	$ 7,499,815	$ 6,908,953

For the fiscal year ended September 30, 2025, the District's governmental funds reflect a combined fund balance of $7,527,121.

This fund balance includes a $586,903 increase in the General Fund.

The Special Revenue Fund reflects no change in fiscal year 2025. The Special Revenue Fund incurred Master District monthly charges of $3,047,413 and received operating transfers in from the General Fund of $1,356,004.

The Debt Service Fund reflects an increase of $66,102 in fiscal year 2025. The Debt Service Fund remitted bond principal of $740,000 and bond interest of $428,719. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a $31,378 increase in fund balance for fiscal year 2025.

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating expenditures. On September 4, 2024, the Board of Directors approved a budget projecting revenues of $2,864,256 as compared to expenses of $1,014,085 and operating transfers out of $1,772,177. When comparing actual to budget, the District had a positive variance of $508,909. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities had invested $13,456,829 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2025	9/30/2024
Capital Assets:		
Water/Wastewater/Drainage	$ 17,524,583	$ 17,332,464
Less: Accumulated Depreciation	(4,067,754)	(3,671,061)
Total Net Capital Assets	$ 13,456,829	$ 13,661,403

More detailed information about the District's capital assets is presented in the *Notes to the Financial Statements*.

LONG-TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2015	$ 2,060,000
Series 2017	4,775,000
Series 2019	2,130,000
Series 2020	1,330,000
Series 2020A	4,760,000
Total	$ 15,055,000

The District owes approximately $15 million to bondholders. During the year, the District made principal balance payments of $740,000. The ratio of the District's long-term debt to the total 2024 taxable assessed valuation ($484,432,261) is 3.1%. The District's estimated population is 3,240. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The amount of assessed value of property within the District for the 2025 tax year (September 30, 2026 fiscal year) is approximately $456 million and the tax rate levied was $0.831 per $100 of assessed valuation. Approximately 26% of the property tax will fund general operating expenses, approximately 42% will fund contracted Master District activity and approximately 32% of the property tax will be set aside for debt service.

The adopted budget for fiscal year 2026 projects an operating fund balance increase of $364,009.

REQUESTS FOR INFORMATION

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

FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Statement of Net Position
ASSETS							
Cash and cash equivalents:							
Cash	$ 493,106	$ -	$ -	$ -	$ 493,106	$ -	$ 493,106
Cash equivalents	5,884,420	25,648	651,945	844,413	7,406,426	-	7,406,426
Receivables:							
Service accounts, net of allowance for doubtful accounts of $ - 0 -	303,159	-	-	-	303,159	-	303,159
Taxes	23,913	45,017	35,121	-	104,051	-	104,051
Interfund	27,243	-	8,181	-	35,424	(35,424)	-
Other	4,576	-	-	-	4,576	-	4,576
Prepaid costs	953	-	-	9,000	9,953	3,357	13,310
Capital assets, net of accumulated depreciation:							
Water/Wastewater/Drainage System	-	-	-	-	-	13,456,829	13,456,829
TOTAL ASSETS	6,737,370	70,665	695,247	853,413	8,356,695	13,424,762	21,781,457
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding	-	-	-	-	-	94,025	94,025
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	94,025	94,025
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,737,370	$ 70,665	$ 695,247	$ 853,413	$ 8,356,695	$ 13,518,787	$ 21,875,482
LIABILITIES							
Accounts payable	$ 132,611	$ -	$ -	$ -	$ 132,611	$ -	$ 132,611
Accrued interest payable	-	-	-	-	-	33,987	33,987
Refundable deposits	200,652	-	-	-	200,652	-	200,652
Interfund payables	-	16,431	4,684	14,309	35,424	(35,424)	-
Intergovernmental payables	347,619	9,217	-	-	356,836	-	356,836
Due to developer	-	-	-	-	-	202,968	202,968
Bonds payable:							
Due within one year	-	-	-	-	-	765,000	765,000
Due after one year	-	-	-	-	-	14,304,605	14,304,605
TOTAL LIABILITIES	680,882	25,648	4,684	14,309	725,523	15,271,136	15,996,659
DEFERRED INFLOWS OF RESOURCES							
Property taxes	23,913	45,017	35,121	-	104,051	(104,051)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	23,913	45,017	35,121	-	104,051	(104,051)	-
FUND BALANCES / NET POSITION							
Fund balances:							
Nonspendable	953	-	-	-	953	(953)	-
Restricted for Debt Service	-	-	655,442	-	655,442	(655,442)	-
Restricted for Capital Projects	-	-	-	839,104	839,104	(839,104)	-
Unassigned	6,031,622	-	-	-	6,031,622	(6,031,622)	-
TOTAL FUND BALANCES	6,032,575	-	655,442	839,104	7,527,121	(7,527,121)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,737,370	$ 70,665	$ 695,247	$ 853,413	$ 8,356,695		
NET POSITION:							
Net investment in capital assets						(679,647)	(679,647)
Restricted for Contracted Master District services						45,017	45,017
Restricted for debt service						656,576	656,576
Unrestricted						5,856,877	5,856,877
TOTAL NET POSITION						$ 5,878,823	$ 5,878,823

The accompanying notes are an integral part of this statement.

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Statement of Activities
REVENUES:							
Property taxes, including penalties	$ 921,442	$ 1,679,851	$ 1,202,718	$ -	$ 3,804,011	$ 53,441	$ 3,857,452
Service accounts, including penalties	1,993,323	-	-	-	1,993,323	-	1,993,323
Interest and other	245,622	23,214	47,945	36,687	353,468	-	353,468
TOTAL REVENUES	3,160,387	1,703,065	1,250,663	36,687	6,150,802	53,441	6,204,243
EXPENDITURES / EXPENSES:							
Current:							
Contracted Master District services	-	3,047,413	-	-	3,047,413	-	3,047,413
Garbage expenditures	279,833	-	-	-	279,833	-	279,833
Repairs/maintenance	359,578	-	-	-	359,578	-	359,578
Operations / management fee	169,619	-	-	-	169,619	-	169,619
Meters and inspection fees	9,344	-	-	-	9,344	-	9,344
Director fees, including payroll taxes	15,184	-	-	-	15,184	-	15,184
Legal fees	50,189	-	-	-	50,189	-	50,189
Engineering fees	29,608	-	-	-	29,608	-	29,608
Audit fees	16,750	-	-	-	16,750	-	16,750
Bookkeeping fees	42,025	-	-	-	42,025	-	42,025
Financial advisor fees	927	1,689	1,209	-	3,825	-	3,825
Tax appraisal/collection	5,468	9,967	7,133	-	22,568	-	22,568
Insurance	10,978	-	-	-	10,978	-	10,978
Bank fees	19,576	-	-	-	19,576	-	19,576
Other	16,282	-	5,500	5,309	27,091	-	27,091
Debt service:							
Principal	-	-	740,000	-	740,000	(740,000)	-
Interest	-	-	428,719	-	428,719	6,090	434,809
Fiscal agent fees and other	-	-	2,000	-	2,000	-	2,000
Capital outlay	192,119	-	-	-	192,119	(192,119)	-
Depreciation	-	-	-	-	-	396,693	396,693
TOTAL EXPENDITURES / EXPENSES	1,217,480	3,059,069	1,184,561	5,309	5,466,419	(529,336)	4,937,083
Excess of revenues over expenditures/expenses	1,942,907	(1,356,004)	66,102	31,378	684,383	582,777	1,267,160
OTHER FINANCING SOURCES (USES)-							
Operating transfers in (out)	(1,356,004)	1,356,004	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,356,004)	1,356,004	-	-	-	-	-
NET CHANGE IN FUND BALANCES	586,903	-	66,102	31,378	684,383	(684,383)	-
CHANGE IN NET POSITION						1,267,160	1,267,160
FUND BALANCES / NET POSITION:							
Beginning of the year, as reported	5,445,672	-	589,340	807,726	6,842,738	(2,616,464)	4,226,274
Prior period adjustment	-	-	-	-	-	385,389	385,389
Beginning of the year, as restated	5,445,672	-	589,340	807,726	6,842,738	(2,231,075)	4,611,663
End of the year	$ 6,032,575	$ -	$ 655,442	$ 839,104	$ 7,527,121	$ (1,648,298)	$ 5,878,823

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity **-** The District was created effective December 13, 1983, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission") and confirmed pursuant to an election held within the District on August 25, 1984. The District was created pursuant to Article 16, Section 59 of the Texas Constitution, and operates under Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors the members of which have been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB standards which are included in the District's reporting entity. The Board of Directors held its first meeting on January 27, 1984, and the first bonds were sold December 1, 2004.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

- **Government-wide Statements:** The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets, including infrastructure.

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

- **Fund Financial Statements:**

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

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

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.
- **Special Revenue Fund -** The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary sources of revenues are water, wastewater and water quality service fees to end-users and contributions from the Participant Districts.
- **Debt Service Fund -** The Debt Service Fund is used to account for the resources restricted, committed or assigned for the payment of, debt principal, interest and related costs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Governmental Fund Types (continued) **-**

- **Capital Projects Fund -** The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

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

Basis of Accounting

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting **-** A budget was adopted on September 4, 2024, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year.

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

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

Capital Assets **–** Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production/Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated acquisition value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Water/Wastewater/Drainage System	10 - 50

Interfund Transactions **-** Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Long-Term Debt **-** Unlimited tax bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Long-Term Debt (continued) -

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

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

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

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -

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

Fund Balances - Total Governmental Funds		$ 7,527,121
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds-		
Capital assets	$ 17,524,583	
Less: Accumulated depreciation	(4,067,754)	13,456,829
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available		104,051
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable, net of bond discounts/premiums	$ (15,069,605)	
Deferred charges on refunding, net	94,025	
Bond insurance premium, net	3,357	
Developer advance	(202,968)	
Accrued interest	(33,987)	(15,209,178)
Net Position - Governmental Activities		$ 5,878,823

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Net Change in Fund Balances - Governmental Funds		$ 684,383
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Bond principal payments as expenditures	$ 740,000	
Interest expenditures in year paid	1,741	
Capital outlay in year paid	192,119	
Tax revenue when collected	53,441	987,301
Governmental funds do not report:		
Amortization of premiums, discounts, deferred charges and prepaid insurance	(7,831)	
Depreciation	(396,693)	(404,524)
Change in Net Position - Governmental Activities		$ 1,267,160

3. CASH AND INVESTMENTS

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

Cash **-** At September 30, 2025, the carrying amount of the District's deposits was $493,106 and the bank balance was $494,690. Of the bank balance, $387,070 was covered by federal depository insurance and the remaining was covered by other pledged collateral.

Investments **-**

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

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

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

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

3. CASH AND INVESTMENTS (continued) –

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

		Governmental Fund					
		General	Special Revenue	Debt Service	Capital Projects	Investment Rating	
Investment	Fair Value at 9/30/2025	Unrestricted	Restricted (1)	Restricted (2)	Restricted (3)	Rating	Rating Agency
TexPool	$ 7,406,426	$ 5,884,420	$ 25,648	$ 651,945	$ 844,413	AAAm	Standard & Poors
	$ 7,406,426	$ 5,884,420	$ 25,648	$ 651,945	$ 844,413		

(1) Restricted for payment of contractual Master District obligations.

(2) Restricted for payment of debt service and cost of assessing and collecting taxes.

(3) Restricted for purchase of capital assets.

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

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

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

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set tax rates for the 2024 tax year on September 4, 2024.

The property tax rates, established in accordance with State law, were based on 100% of the net assessed valuation of real property within the District on the 2024 tax roll. The tax rate, based on total taxable assessed valuation of $484,432,261 was $0.7925 on each $100 valuation and was allocated as follows:

	Tax Rate
General Fund	$ 0.1920
Special Revenue Fund	$ 0.3500
Debt Service Fund	$ 0.2505
	$ 0.7925

The maximum allowable maintenance tax of $1.50 was established by the voters on May 3, 2003.

Property taxes receivable at September 30, 2025, consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Current year levy	$ 15,865	$ 28,921	$ 20,699	$ 65,485
Prior years' levies	8,048	16,096	14,422	38,566
	$ 23,913	$ 45,017	$ 35,121	$ 104,051

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

5. CONTRACT TAXES

At an election held on May 3, 2003, voters authorized a contract tax on all property within the District subject to taxation. During the year ended September 30, 2025, the District levied an ad valorem contract tax at the rate of $0.35 per $100 of assessed valuation, which resulted in a tax levy of $1,698,540 on taxable valuation of $484,432,261 for the 2024 tax year. This contract tax was used to pay for the District's pro rata share of operations and maintenance expenses, reserve requirements, and debt service costs related to the Master District facilities as described in Note 9.

6. INTERFUND ACCOUNTS

A summary of interfund accounts at September 30, 2025, is as follows:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	$ 4,684	$ -
Special Revenue Fund	8,250	-
Capital Projects Fund	14,309	-
Special Revenue Fund:		
General Fund	-	8,250
Debt Service Fund	-	8,181
Debt Service Fund:		
General Fund	-	4,684
Special Revenue Fund	8,181	-
Capital Projects Fund -		
General Fund	-	14,309
	$ 35,424	$ 35,424

7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2024*	Additions	Deletions	Balance 9/30/2025
Capital assets being depreciated:				
Water/Wastewater/Drainage System	$ 17,332,464	$ 192,119	$ -	$ 17,524,583
Total capital assets being depreciated	17,332,464	192,119	-	17,524,583
Less accumulated depreciation for:				
Water/Wastewater/Drainage System	(3,671,061)	(396,693)	-	(4,067,754)
Total accumulated depreciation	(3,671,061)	(396,693)	-	(4,067,754)
Total capital assets being depreciated, net of accumulated depreciation	13,661,403	(204,574)	-	13,456,829
Total capital assets, net	$ 13,661,403	$ (204,574)	$ -	$ 13,456,829

*As restated

Meters purchased in fiscal year 2024 for $385,389 were recognized during the current fiscal year in capital assets which resulted in a prior period adjustment.

8. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2025:

	Combination Unlimited Tax Bonds
Bonds payable at October 1, 2024	$ 15,795,000
Bonds retired	(740,000)
Subtotal	15,055,000
Less: Bond Discounts/Premiums, net of amortization	14,605
Bonds payable at September 30, 2025	$ 15,069,605

8. BONDED DEBT (continued) -

Bonds payable at September 30, 2025, were comprised of the following individual issues:

Unlimited Tax Bonds:

$4,775,000 - 2017 Unlimited Tax Bonds paid serially through the year 2036 at interest rates which range from 3.375% to 3.625%. Bonds maturing on or after September 1, 2025 are redeemable on September 1, 2024 or on any date thereafter. Bonds maturing on September 1, 2028 and 2030, are subject to mandatory sinking fund redemption.

$2,130,000 - 2019 Unlimited Tax Bonds paid serially through the year 2037 at interest rates which range from 2.25% to 4.25%. Bonds maturing on or after September 1, 2025 are redeemable on September 1, 2024 or on any date thereafter. Bonds maturing on September 1, 2030 and 2037, are subject to mandatory sinking fund redemption.

$4,760,000 – 2020A Unlimited Tax Bonds paid serially through the year 2039 at interest rates which range from 1.25% to 3.25%. Bonds maturing on or after September 1, 2026 are redeemable on September 1, 2025 or on any date thereafter. Bonds maturing on September 1, 2032, 2034, 2036 and 2038, are subject to mandatory sinking fund redemption.

Unlimited Tax Refunding Bonds:

$2,060,000 - 2015 Unlimited Tax Refunding Bonds paid serially through the year 2035 at interest rates which range from 3.00% to 3.50%. Bonds maturing on or after September 1, 2027 are redeemable on September 1, 2026 or on any date thereafter. Bonds maturing on September 1, 2030 and 2037, are subject to mandatory sinking fund redemption.

$1,330,000 - 2020 Unlimited Tax Refunding Bonds paid serially through the year 2030 at an interest rate of 2.00%. Bonds maturing on or after September 1, 2028 are redeemable on September 1, 2027 or on any date thereafter.

8. BONDED DEBT (continued) –

The annual requirement to amortize all bonded debt at September 30, 2025, including interest, is as follows:

Year Ended September 30,	Principal	Interest	Total
2026	$ 765,000	$ 407,831	$ 1,172,831
2027	785,000	386,043	1,171,043
2028	815,000	363,893	1,178,893
2029	845,000	342,169	1,187,169
2030	900,000	319,755	1,219,755
2031-2035	5,490,000	1,142,094	6,632,094
2036-2039	5,455,000	296,900	5,751,900
	$ 15,055,000	$ 3,258,685	$ 18,313,685

$655,442 is available in the Debt Service Fund to service the bonded debt. Bonds authorized but not issued totaled to $16,465,000 for utilities and $3,500,000 for parks and recreation at September 30, 2025.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES

On March 6, 2003, the District entered into an Amended and Restated Contract for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities; Regional Water Supply and Delivery Facilities and Regional Drainage, Including Water Quality Facilities (the "Master District Contract"). In addition to the District, parties to the Master District Contract include Wilbarger Creek Municipal Utility District No. 2 ("Wilbarger Creek MUD No. 2"), Cottonwood Creek Municipal Utility District No. 1 ("Cottonwood Creek MUD No. 1"), and Wilbarger Creek Municipal Utility District No. 1 ("Wilbarger Creek MUD No. 1"), all together known as the "Participant Districts". This Master District Contract amended and restated a prior contract entered into between the Participant Districts that was not submitted to the voters for approval.

General

The District along with the other three Participant Districts were created as conservation and reclamation districts for the purpose of providing water, wastewater and drainage facilities and services to the acreage within their respective boundaries. Pursuant to an election held within the boundaries of each Participant District, each Participant District approved the Master District Contract, which designates Wilbarger Creek MUD No. 2 as the "Master District" for purposes of coordinating the design, construction, ownership, operation, and maintenance of certain regional water, wastewater, and storm drainage, including water quality, facilities to serve development within the Participants Districts. The Master District Contract also authorizes the Master District to issue contract tax bonds to acquire, purchase, construct and maintain Master District facilities to serve the Participants Districts. The Master District owns and operates the Master District facilities.

Each of the Participant Districts has executed the Master District Contract with the Master District and obtained the approval of the Master District Contract from the voters of each Participant District at elections held separately within the boundaries of each Participant District. The Master District Contract requires all Participant Districts to pay a pro rata share of debt service on the Master District bonds, based upon each Participant District's assessed valuation as a percentage of the total certified assessed valuation in the Master District's service area. Each Participant District is obligated to pay its pro rata share of the annual debt service payments from the proceeds of an annual ad valorem contract tax which is not limited as to rate or amount which includes the charges and costs of paying agents, registrars, and trustees utilized in connection with the Master District bonds, the principal, interest and redemption requirements of the Master District bonds and all amounts required to establish and maintain funds established under any related bond resolution or trust indenture. Each Participant District's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a contract tax or other available means of payment is the sole responsibility of each Participant District for the purpose of paying its pro rata share of debt service on the Master District's bonds. The Master District Contract also provides for operation and maintenance costs for facilities constructed or acquired pursuant to the Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued)

Master District Service Area

The chart below more completely describes the Participant Districts, including each Participant District's acreage and projected ultimate living unit equivalents ("LUEs") based on current land use plans.

Participant	Acreage [a]	Existing LUEs[b]	Projected Ultimate LUEs[c]
The District	404.11	1,099	1,247
Cottonwood Creek MUD No. 1	417.70	1,655	2,216
Wilbarger Creek MUD No. 1	300.42	1,129	1,555
Wilbarger Creek MUD No. 2	392.10	-	1,449
Sub-Total	1,514.33	3,883	6,467
Park & Irrigation		-	100
Total	**1,514.33**	**3,883**	**6,567**

(a) Gross acreage includes all easements, rights-of-way and any other undevelopable acreage.
(b) As of September 30, 2025.
(c) Provided by the Developers and represents the existing land use plan. The District makes no representation that property within the Master District or within the Participant Districts will develop as shown above.

The Participant Districts and Metro H2O, Ltd., now known as Metro Water Systems, Inc. ("Metro"), originally entered into (i) an "Amended and Restated Regional Sewage Disposal Capacity and Services Agreement for a Portion of Northeastern Travis County, Texas" (the "Wastewater Treatment Contract") whereby Metro agreed to construct certain wastewater treatment facilities sufficient to serve up to 6,010 LUEs of wastewater from the Participant Districts; and (ii) an "Amended and Restated Regional Water Capacity and Supply Agreement for a Portion of Northeastern Travis County, Texas" (as amended, the "Water Supply Contract") whereby Metro agreed to provide up to 6,010 LUEs of potable water supply capacity to the Participant Districts. Pursuant to an "Assignment and Assumption of Rights and Obligations under Regional Water and Sewer Contracts; Operations Agreement; and Capacity Reservation Agreement" dated effective October 1, 2005 (the "Capacity Assignment"), the Participant Districts assigned all of their rights and obligations with respect to wastewater treatment capacity under the Wastewater Treatment Contract and water supply capacity under the Water Supply Contract to the Master District, which, in turn, reserved wastewater treatment capacity and water supply capacity in favor of the Participants at full build-out in the amounts set forth in the Wastewater Treatment Contract the Water Supply Contract, respectively, and will allocate such capacity on an interim basis fairly and equitably among the Participant Districts.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued)

Under the Wastewater Treatment Contract, Metro completed construction of a 500,000 gallons per day ("gpd") wastewater treatment plant and lift station (the "Wastewater Treatment Plant"). The Master District subsequently negotiated to purchase the Wastewater Treatment Plant from Metro pursuant to an Asset Purchase Agreement dated November 20, 2008. The closing of such transaction occurred on December 31, 2008, at which time Metro transferred ownership of the Wastewater Treatment Plant and its interest in the Wastewater Treatment Contract to the Master District. The Master District intends to finance future expansions of the Wastewater Treatment Plant through the issuance of bonds. Therefore, no further LUE Fees will be charged for wastewater treatment capacity under the Wastewater Treatment Contract. Because the Wastewater Treatment Plant is now owned and operated by the Master District, the Participant Districts elected to terminate the Wastewater Treatment Contract effective February 22, 2022 after the first 20-year term thereof. Thereafter, the Wastewater Treatment Plant has been and will continue to be operated by the Master District as a Master District Facility under the Master District Contract.

Under the Water Supply Contract, as affected by the Capacity Assignment, the Master District was originally contractually obligated to purchase water capacity from Metro at the time of each connection and on a quarterly basis through the payment of water LUE fees. However, pursuant to a "First Amendment Amended and Restated Regional Water Capacity and Supply Agreement for a Portion of Northeastern Travis County, Texas" dated August 9, 2011, (the "Water Supply Contract Amendment"), in consideration of the payment of $250,000 to Metro, the obligation to make water LUE fee payments to Metro terminated until the number of LUEs actually connected to the water system serving the Master District's service area exceeds 2,610, at which point water LUE fees are required to be paid on a connection by connection basis. According to the Master District's utility operator, the Master District's service area exceeded 2,610 LUE's in early 2019, thus triggering the obligation to pay water LUE fees on a connection by connection basis.

The currently estimated 6,567 LUEs projected to be developed within the Participant Districts are in excess of the 6,010 LUEs currently reserved for the Participant Districts under the Water Supply Contract and the Wastewater Treatment Contract. The Participant Districts intend to commence negotiations with Metro with respect to amending the Water Supply Contract to, among other things, increase the existing water LUE capacity. After the Wastewater Treatment Contract terminated on February 12, 2022, capacity in the Wastewater Treatment Plant is managed by the Master District under the Master District Contract and the Capacity Assignment.

The Master District facilities constructed or acquired to date have been acquired or constructed with funds provided by the Developers and proceeds of the Master District's Series 2006, Series 2008, Series 2017, Series 2018, Series 2019 and Series 2021 Bonds. Future water LUE Fee payments required under the Water Supply Contract, as amended, are expected to be paid by builders on a connection by connection basis.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued) –

The chart below further describes the Participant Districts and their respective pro rata share of the Bonds based upon their certified 2025 Assessed Valuation.

Participant	2025 Certified Assessed Valuation [(a)]	Pro Rata Share of Master District Debt	Pro Rata Share of Average Annual Debt of $2,507,750 [(b)]
The District	$ 455,817,135	32.8%	$ 822,966
Cottonwood Creek MUD No. 1	531,970,868	38.3%	960,461
Wilbarger Creek MUD No. 2	3,662,213	0.3%	6,612
Wilbarger Creek MUD No. 1	397,519,771	28.6%	717,712
	$ 1,388,969,987	100.0%	$ 2,507,750

(a) Assessed valuations as of January 1, 2025 as certified by the Appraisal District.
(b) Preliminary; subject to change.

The Master District owns and operates the Master District facilities. Each Participant District within the Master District service area (including the Master District in its capacity as provider of internal water distribution, wastewater collection and storm drainage to serve the acreage within its boundaries) will own the internal water distribution, wastewater collection and storm drainage lines within its boundaries. Additionally, the Participant Districts are required to operate, maintain and provide retail billing and collection for their respective internal facilities. The internal facilities have been or are expected to be financed with unlimited tax bonds sold by each of the Participant Districts, including the Master District in its role as Participant District. It is anticipated that the Master District facilities will be acquired or constructed in stages to meet the needs of a continually expanding population within the Master District service area. In the event that the Master District fails to meet its obligations to provide Master District facilities as required by the Master District Contract, each Participant District has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District facilities needed to provide service to each Participant District, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual reasonable necessary capital costs expended by each Participant District for such Master District facilities.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued) –

Each Participant District is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contract ("Monthly Charges"). The Monthly Charges to be paid by each Participant District to the Master District will be used to pay each Participant District's share of operation and maintenance costs and to provide for an operation and maintenance reserve equal to three months of operation and maintenance costs or such other amount as determined by the Master District's financial advisor. For fiscal year 2025, the Master District's financial advisor recommended maintenance of a three-month operation and maintenance reserve set aside in a separate fund by the Master District, as well as maintenance of funds equal to approximately two months' budgeted expenses in the Master District's general fund. Each Participant District's share of operation and maintenance costs and reserve requirements is calculated by the Master District based upon the following categories of costs: (i) direct costs, including LUE fee payments and other costs directly incurred by the Participant District; (ii) volume-related costs, including actual usage fees related to water supply and wastewater collection and treatment; and (iii) all other costs, including administrative costs.

Pursuant to the Master District Contract, each Participant District is obligated to establish and maintain rates, fees and charges for services provided by each Participant District's water distribution system and wastewater collection system, which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay each Participant District's operation and maintenance costs, and each Participant District's obligations pursuant to the Master District Contract, and its obligations pursuant to the Master District Contract, including its pro rata share of the Master District's debt service requirements and Monthly Charges. All sums payable by each Participant District to the Master District pursuant to the Master District Contract are to be paid without set off, counterclaim, abatement, suspension or diminution. If any Participant District fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to withhold, in whole or in part, any reservation or allocation of capacity in the Master District's facilities by such Participant District in addition to the Master District's other remedies pursuant to the Master District Contract. Under certain conditions the Master District may, with the consent of all Participant Districts, extend the Master District service area and provide services to other parties who will become Participant Districts and agree to assume their pro rata share of the bonded indebtedness of the Master District facilities in the same manner as the existing Participant Districts. In addition, the Master District may, with the consent of all Participant Districts, provide services to others as long as the providing of such services does not impair the right of a Participant District to receive service from the Master District.

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued) –

Transaction Summary – Master District Operations & Maintenance

Transactions for the year ended September 30, 2025, are summarized as follows:

	Receivable/ (Payable) Balance, 10/1/2024	Current Fiscal Year		Receivable/ (Payable) Balance, 9/30/2025
		Billings	Payments	
The District	$ 209,150	$ 1,345,533	$ (1,207,064)	$ 347,619
Cottonwood Creek MUD No. 1	227,806	1,492,483	(1,523,892)	196,397
Wilbarger Creek MUD No. 1	219,205	1,276,544	(1,202,704)	293,045
Wilbarger Creek MUD No. 2	(159,795)	78,534	(18,447)	(99,708)
	$ 496,366	$ 4,193,094	$ (3,952,107)	$ 737,353

Transaction Summary – Master District Debt Service

Transactions for the year ended September 30, 2025, are summarized as follows:

	Receivable/ (Payable) Balance, 10/1/2024	Current Fiscal Year		Receivable/ (Payable) Balance, 9/30/2025
		Billings	Payments	
The District	$ 27,687	$ 1,691,409	$ (1,709,879)	$ 9,217
Cottonwood Creek MUD No. 1	596	1,802,567	(1,805,133)	(1,970)
Wilbarger Creek MUD No. 1	786	1,458,016	(1,463,189)	(4,387)
Wilbarger Creek MUD No. 2	(3,300)	69,281	(65,161)	820
	$ 25,769	$ 5,021,273	$ (5,043,362)	$ 3,680

10. COMMITMENTS AND CONTINGENCIES

The developers of the land within the District have incurred costs for 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 developers by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality, or from operations. On May 3, 2003, a bond election held within the District, voters approved the issuance of $38,580,000 of bonds to fund costs of proposed works, improvements, facilities, plants, equipment, appliances and non-construction costs based upon the District's engineer's report. On February 7, 2004, voters authorized a total of $3,500,000 for park and recreational facilities. As of September 30, 2025, the District has issued $22,115,000 of Unlimited Tax Bonds to reimburse developers. At September 30, 2025, the District recorded a developer liability of $202,968 related to operating advances.

11. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (the "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.

12. DEFICIT IN NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets had a deficit balance of $679,647 at September 30, 2025. This is primarily attributable to capitalized interest, bond proceeds transferred to the General Fund and depreciation/amortization expense associated with the District's bond issues.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Actual	Original Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	$ 921,442	$ 912,371	$ 9,071
Service accounts	1,993,323	1,771,885	221,438
Interest and other	245,622	180,000	65,622
TOTAL REVENUES	3,160,387	2,864,256	296,131
EXPENDITURES:			
Current:			
Garbage expenditures	279,833	260,263	(19,570)
Repairs/maintenance	359,578	246,590	(112,988)
Operations / management fee	169,619	175,608	5,989
Meters and inspection fees	9,344	50,000	40,656
Director fees, including payroll taxes	15,184	15,225	41
Legal fees	50,189	63,800	13,611
Engineering fees	29,608	27,000	(2,608)
Audit fees	16,750	16,500	(250)
Bookkeeping fees	42,025	41,000	(1,025)
Financial advisor fees	927	1,000	73
Tax appraisal/collection	5,468	5,500	32
Other consulting fees	-	7,500	7,500
Insurance	10,978	9,200	(1,778)
Bank fees	19,576	21,000	1,424
Other	16,282	31,399	15,117
Capital outlay	192,119	42,500	(149,619)
TOTAL EXPENDITURES	1,217,480	1,014,085	(203,395)
Excess of revenues over expenditures	1,942,907	1,850,171	92,736
OTHER FINANCING USES -			
Operating transfers out	(1,356,004)	(1,772,177)	416,173
TOTAL OTHER FINANCING USES	(1,356,004)	(1,772,177)	416,173
NET CHANGE IN FUND BALANCE	586,903	$ 77,994	$ 508,909
Beginning of the year	5,445,672		
End of the year	$ 6,032,575		

TEXAS SUPPLEMENTARY INFORMATION

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

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

[X]	Retail Water	[ ]	Wholesale Water	[X]	Drainage
[X]	Retail Wastewater	[ ]	Wholesale Wastewater	[ ]	Irrigation
[ ]	Parks/Recreation	[ ]	Fire Protection	[ ]	Security
[X]	Solid Waste/Garbage	[ ]	Flood Control	[ ]	Roads

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (specify):_____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum		Usage Levels
WATER:	$ 50.15	N/A	N	$ 8.06	*	0 to 15,000 gallons
				$ 9.61	*	Over 15,000 gallons
WASTEWATER:	$ -	N/A	N	$ 7.50		per 1,000 gallons
SURCHARGE:	$ -	-	-	$ -		

* Effective December 1, 2025, the 0 to 15,000 gallons increased to $8.28 and the over 15,001 increased to $9.83.

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

Total charges per 10,000 gallons usage: Water $ 130.75 Wastewater $ 75.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	-	-	1	-
< 3/4"	1,088	1,088	1	1,088
1"	2	2	2.5	5
1 1/2"	-	-	5	-
2"	3	3	8	24
3"	-	-	15	-
4"	-	-	25	-
6"	-	-	50	-
8"	-	-	80	-
10"	-	-	115	-
Total Water	1,093	1,093		1,117
Total Wastewater	1,092	1,092	1	1,092

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

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

Gallons pumped into system: [1]

Gallons billed to customers: 94,668,000

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

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

Does the District assess standby fees? Yes ☐ No ☒

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

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

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

5. Location of District

County(ies) in which district is located: Travis

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

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

City(ies) in which district is located: City of Manor

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

Entirely ☐ Partly ☒ Not at all ☐

ETJ's in which district is located: City of Manor

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? _____

[1] District services provided by Wilbarger Creek M.U.D. No. 2 (Master District).

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

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	16,750
Legal	50,189
Engineering	29,608
Financial Advisor	927
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	42,025
General Manager	169,619
Appraisal District	4,704
Tax Collector	764
Other Contracted Services	9,344
Utilities	-
Repairs and Maintenance	359,578
Administrative Expenditures:	
Directors' Fees	15,184
Office Supplies	-
Insurance	10,978
Other Administrative Expenditures	35,858
Capital Outlay:	
Capitalized Assets	192,119
Expenditures not Capitalized	-
Tap Connection Expenditures	-
Solid Waste Disposal	279,833
Fire Fighting	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	$ 1,217,480

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

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

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund -					
State Investment Pool	XXX0001	Varies	N/A	$ 5,884,420	$ -
Total				5,884,420	-
Special Revenue Fund -					
State Investment Pool	XXX0002	Varies	N/A	25,648	-
Total				25,648	-
Debt Service Fund -					
State Investment Pool	XXX0003	Varies	N/A	651,945	-
Total				651,945	-
Capital Projects Fund:					
State Investment Pool	XXX0005	Varies	N/A	27,732	-
State Investment Pool	XXX0007	Varies	N/A	285,272	-
State Investment Pool	XXX0008	Varies	N/A	320,185	-
State Investment Pool	XXX0010	Varies	N/A	211,224	-
Total				844,413	-
Total - All Funds				$ 7,406,426	$ -

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

	Maintenance Taxes	Contract Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year:	$ 10,862	$ 21,320	$ 18,428
2024 Original Tax Levy	931,770	1,698,540	1,215,669
Adjustments - current year	(1,660)	(3,027)	(2,166)
Adjustments - prior year	514	953	746
Total to be accounted for	941,486	1,717,786	1,232,677
Tax collections:			
Prior years	3,328	6,177	4,752
Current year	914,245	1,666,592	1,192,804
Total collections	917,573	1,672,769	1,197,556
Taxes Receivable, End of Year	$ 23,913	$ 45,017	$ 35,121
Taxes Receivable, By Years:			
2023 and before	$ 8,048	$ 16,096	$ 14,422
2024	15,865	28,921	20,699
Taxes Receivable, End of Year	$ 23,913	$ 45,017	$ 35,121

	2024	(a) 2023	(a) 2022	(a) 2021	(a)
Property Valuations:					
Land and improvements	**$ 484,432,261**	$ 473,732,742	$ 445,457,650	$ 336,927,102	
Total Property Valuations	**$ 484,432,261**	$ 473,732,742	$ 445,457,650	$ 336,927,102	
Tax Rates per $100 Valuation:					
Contract tax rates	**$ 0.3500**	$ 0.3500	$ 0.3500	$ 0.3500	
Debt Service tax rates	**0.2505**	0.2550	0.2880	0.3500	
Maintenance tax rates	**0.1920**	0.1875	0.1900	0.1820	
Total Tax Rates per $100 Valuation	**$ 0.7925**	$ 0.7925	$ 0.8280	$ 0.8820	
Original Tax Levy	**$ 3,845,979**	$ 3,773,348	$ 3,688,389	$ 2,971,697	
Percent of Taxes Collected to Taxes Levied **	**98.3%**	99.7%	99.7%	99.8%	
Maximum Maintenance Tax Rate Approved by Voters:	**$ 1.50 on 5/3/2003**				

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

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

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

Fiscal Year Ending	Unlimited Tax Refunding Bonds Series 2015			Unlimited Tax Bonds Series 2017			Unlimited Tax Bonds Series 2019		
	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total
2026	$ 240,000	$ 65,431	$ 305,431	$ 100,000	$ 167,844	$ 267,844	$ 90,000	$ 59,550	$ 149,550
2027	245,000	58,231	303,231	110,000	164,468	274,468	90,000	55,725	145,725
2028	250,000	50,881	300,881	110,000	160,756	270,756	95,000	52,125	147,125
2029	265,000	43,381	308,381	105,000	157,044	262,044	95,000	48,325	143,325
2030	275,000	35,100	310,100	255,000	153,368	408,368	100,000	45,000	145,000
2031	285,000	26,163	311,163	455,000	144,444	599,444	100,000	41,500	141,500
2032	120,000	16,900	136,900	645,000	128,518	773,518	105,000	38,250	143,250
2033	120,000	13,000	133,000	675,000	105,944	780,944	105,000	34,837	139,837
2034	130,000	9,100	139,100	695,000	82,318	777,318	105,000	31,425	136,425
2035	130,000	4,500	134,500	730,000	57,994	787,994	105,000	28,800	133,800
2036	-	-	-	895,000	32,444	927,444	105,000	25,650	130,650
2037	-	-	-	-	-	-	1,035,000	23,287	1,058,287
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
	$ 2,060,000	$ 322,687	$ 2,382,687	$ 4,775,000	$ 1,355,142	$ 6,130,142	$ 2,130,000	$ 484,474	$ 2,614,474

Fiscal Year Ending	Unlimited Tax Refunding Bonds Series 2020 Principal Due 9/01	Interest Due 3/01, 9/01	Total	Unlimited Tax Bonds Series 2020A Principal Due 9/01	Interest Due 3/01, 9/01	Total	Annual Requirements for All Series Principal Due	Interest Due	Total
2026	$ 280,000	$ 26,600	$ 306,600	$ 55,000	$ 88,406	$ 143,406	$ 765,000	$ 407,831	$ 1,172,831
2027	285,000	21,000	306,000	55,000	86,619	141,619	785,000	386,043	1,171,043
2028	295,000	15,300	310,300	65,000	84,831	149,831	815,000	363,893	1,178,893
2029	305,000	9,400	314,400	75,000	84,019	159,019	845,000	342,169	1,187,169
2030	165,000	3,300	168,300	105,000	82,987	187,987	900,000	319,755	1,219,755
2031	-	-	-	185,000	81,544	266,544	1,025,000	293,651	1,318,651
2032	-	-	-	190,000	78,769	268,769	1,060,000	262,437	1,322,437
2033	-	-	-	195,000	75,919	270,919	1,095,000	229,700	1,324,700
2034	-	-	-	205,000	72,750	277,750	1,135,000	195,593	1,330,593
2035	-	-	-	210,000	69,419	279,419	1,175,000	160,713	1,335,713
2036	-	-	-	220,000	65,744	285,744	1,220,000	123,838	1,343,838
2037	-	-	-	230,000	61,894	291,894	1,265,000	85,181	1,350,181
2038	-	-	-	1,455,000	57,581	1,512,581	1,455,000	57,581	1,512,581
2039	-	-	-	1,515,000	30,300	1,545,300	1,515,000	30,300	1,545,300
	$ 1,330,000	$ 75,600	$ 1,405,600	$ 4,760,000	$ 1,020,782	$ 5,780,782	$ 15,055,000	$ 3,258,685	$ 18,313,685

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

	Bond Issues					
	Series 2015	**Series 2017**	**Series 2019**	**Series 2020**	**Series 2020A**	**Total**
Interest Rate	3.00% - 3.50%	3.375% - 3.625%	2.25% - 4.25%	2.00%	1.25% - 3.25%	
Dates Interest Payable	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	
Maturity Dates	9/1/2035	9/1/2036	9/1/2037	9/1/2030	9/1/2039	
Bonds Outstanding at Beginning of Current Fiscal Year	$ 2,290,000	$ 4,875,000	$ 2,215,000	$ 1,605,000	$ 4,810,000	$ 15,795,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Refunded During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year- Principal	(230,000)	(100,000)	(85,000)	(275,000)	(50,000)	(740,000)
Bonds Outstanding at End of Current Fiscal Year	$ 2,060,000	$ 4,775,000	$ 2,130,000	$ 1,330,000	$ 4,760,000	$ 15,055,000
Interest Paid During the Current Fiscal Year	$ 72,331	$ 171,095	$ 63,162	$ 32,100	$ 90,031	$ 428,719
Paying Agent's Name and Address:	UMB Bank Austin, TX	UMB Bank Austin, TX	UMB Bank Austin, TX	UMB Bank Austin, TX	UMB Bank Austin, TX	

	Tax Bonds*	Park & Recreation	Refunding Bonds
Bond Authority:			
Amount Authorized by Voters	$ 38,580,000	$ 3,500,000	$ 57,870,000
Amount Issued	22,115,000	-	854,401
Remaining To Be Issued	$ 16,465,000	$ 3,500,000	$ 57,015,599

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2025:	$ 651,945
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:	$ 1,308,120

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

	Amounts					Percent of Fund Total Revenues				
	2025	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
GENERAL FUND REVENUES:										
Property taxes, including penalties	**$ 921,442**	$ 890,382	$ 846,631	$ 611,978	$ 395,247	**29.1%**	30.3%	29.0%	23.9%	17.6%
Service revenues	**1,993,323**	1,759,732	1,847,100	1,917,567	1,788,055	**63.1%**	59.9%	63.3%	75.0%	79.8%
Tap connection / inspection fees	**-**	3,890	4,975	-	51,800	**0.0%**	0.1%	0.2%	-	2.3%
Interest and other	**245,622**	286,141	219,530	28,409	7,775	**7.8%**	9.7%	7.5%	1.1%	0.3%
TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES	**3,160,387**	2,940,145	2,918,236	2,557,954	2,242,877	**100.0%**	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Current:										
Garbage expenditures	**279,833**	249,272	248,944	249,928	225,882	**8.9%**	8.5%	8.5%	9.8%	10.1%
Repairs/maintenance	**359,578**	218,196	100,326	114,056	126,359	**11.4%**	7.4%	3.4%	4.5%	5.6%
Operations / management fee	**169,619**	162,370	153,765	154,147	130,896	**5.4%**	5.5%	5.3%	6.0%	5.8%
Meters and inspection fees	**9,344**	385,534	250	-	11,909	**0.3%**	13.1%	-	-	0.5%
Director fees, including payroll taxes	**15,184**	15,324	11,081	9,689	9,527	**0.5%**	0.5%	0.4%	0.4%	0.4%
Legal fees	**50,189**	41,488	49,491	47,735	46,400	**1.6%**	1.4%	1.7%	1.9%	2.1%
Engineering fees	**29,608**	13,660	15,429	23,999	20,315	**0.9%**	0.5%	0.5%	0.9%	0.9%
Audit fees	**16,750**	16,000	15,750	15,000	14,500	**0.5%**	0.5%	0.5%	0.6%	0.6%
Bookkeeping fees	**42,025**	40,563	35,750	35,250	34,400	**1.3%**	1.4%	1.2%	1.4%	1.5%
Financial advisor fees	**927**	613	569	512	438	-	-	-	-	-
Tax appraisal/collection	**5,468**	5,250	4,299	3,124	1,918	**0.2%**	0.2%	0.1%	0.1%	0.1%
Other consulting fees	**-**	-	4,550	3,600	-	-	-	0.1%	0.1%	-
Insurance	**10,978**	9,633	7,460	7,149	5,703	**0.3%**	0.3%	0.3%	0.3%	0.3%
Bank fees	**19,576**	27,262	46,247	44,227	37,481	**0.6%**	0.9%	1.6%	1.7%	1.7%
Public notice	**-**	-	-	-	3,527	-	-	-	-	0.2%
Other	**16,282**	13,930	10,575	7,344	3,335	**0.5%**	0.5%	0.4%	0.3%	0.1%
Operating transfer	**1,356,004**	1,384,790	1,517,441	1,068,172	1,541,091	**42.9%**	47.1%	52.0%	41.8%	68.7%
Capital outlay	**192,119**	-	-	-	-	**6.1%**	-	-	-	-
TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES	**2,573,484**	2,583,885	2,221,927	1,783,932	2,213,681	**81.4%**	87.8%	76.0%	69.8%	98.6%
EXCESS OF GENERAL FUND REVENUES & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USES	**$ 586,903**	$ 356,260	$ 696,309	$ 774,022	$ 29,196	**18.6%**	12.2%	24.0%	30.2%	1.4%
DEBT SERVICE FUND REVENUES:										
Property taxes, including penalties	**$ 1,202,718**	$ 1,211,976	$ 1,286,507	$ 1,177,306	$ 1,005,951	**96.2%**	95.8%	96.6%	99.4%	100.0%
Interest	**47,945**	52,981	44,940	6,871	326	**3.8%**	4.2%	3.4%	0.6%	-
TOTAL DEBT SERVICE FUND REVENUES AND OTHER FINANCING SOURCES	**1,250,663**	1,264,957	1,331,447	1,184,177	1,006,277	**100.0%**	100.0%	100.0%	100.0%	100.0%
DEBT SERVICE FUND EXPENDITURES:										
Tax appraisal/collection	**7,133**	7,140	6,515	6,009	4,879	**0.5%**	0.6%	0.5%	0.5%	0.5%
Financial advisor fees	**1,209**	833	863	984	1,115	**0.1%**	0.1%	0.1%	0.1%	0.1%
Bond principal	**740,000**	725,000	710,000	685,000	665,000	**59.2%**	57.5%	53.5%	58.0%	66.1%
Bond interest	**428,719**	449,269	468,656	487,269	507,839	**34.3%**	35.5%	35.2%	41.1%	50.5%
Fiscal agent fees and other	**7,500**	3,750	2,000	2,500	2,900	**0.6%**	0.3%	0.2%	0.2%	0.3%
TOTAL DEBT SERVICE FUND EXPENDITURES AND OTHER FINANCING USES	**1,184,561**	1,185,992	1,188,034	1,181,762	1,181,733	**94.7%**	94.0%	89.5%	99.9%	117.6%
EXCESS (DEFICIENCY) OF DEBT SERVICE REVENUES & OTHER FINANCING SOURCES OVER / (UNDER) EXPENDITURES & OTHER FINANCING USES	**$ 66,102**	$ 78,965	$ 143,413	$ 2,415	$ (175,456)	**5.3%**	6.0%	10.5%	0.1%	-17.6%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**1,093**	1,100	1,097	1,101	1,098					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**1,092**	1,087	1,085	1,087	1,084					

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

Complete District Mailing Address: 100 Congress Ave., Ste 1300, Austin, TX 78701

District Business Telephone Number: (512) 435-2300

Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): August 6, 2025

Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060) $7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 09/30/25	Expense Reimbursements 09/30/25	Title at Year End
Board Members:				
Wilmer Roberts	(Elected) 11/5/2024 - 11/7/2028	$ 4,862	$ 1,462	President
Raymond C. Mura	(Elected) 11/8/2022 - 11/3/2026	$ 3,978	$ 1,506	Vice-President
Tracy T. Johnson	(Elected) 11/8/2022 - 11/3/2026	$ 2,210	$ 1,812	Secretary
Daffney A. Henry	(Elected) 11/8/2022 - 11/3/2026	$ 1,547	$ 160	Asst. Secretary
Sarah Rossig	(Elected) 11/5/2024 - 11/7/2028	$ 1,326	$ 137	Asst. Secretary
Consultants:				
Crossroads Utility Services LLC	11/11/2010	$ 501,851	$ -	Operator
Armbrust & Brown, PLLC	6/26/2002	$ 45,346	$ -	Attorney
Jones-Heroy & Associates, Inc.	6/4/2025	$ 8,679	$ -	Engineer
Schroeder Engineering Co.	6/26/2002	$ 13,044	$ -	Former Engineer
Bott & Douthitt, PLLC	7/1/2010	$ 42,529	$ -	District Accountant
Public Finance Group LLC	5/3/2014	$ 3,825	$ -	Financial Advisor
McCall Gibson Swedlund Barfoot Ellis PLLC	8/5/2009	$ 16,750	$ -	Auditor
McCall Parkhurst & Horton, LLP	6/26/2002	$ -	$ -	Bond Counsel
Travis County Tax Collector	11/4/1997	$ 3,155	$ -	Tax Collector

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

OTHER SUPPLEMENTARY INFORMATION

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

Taxpayer	Type of Property	Tax Roll Year 2025	2024	2023
ASC Medical 8 Holdings LLC	Real Land & Improvements	**$ 8,347,383**	$ 8,286,581	$ 8,521,112
HFS Brothers Investments LLC	Real Land & Improvements	**3,500,000**	3,359,000	3,100,000
Homeowner	Real Land & Improvements	**857,119**	-	-
Homeowner	Real Land & Improvements	**807,227**	755,156	740,807
Homeowner	Real Land & Improvements	**759,616**	-	-
Homeowner	Real Land & Improvements	**690,261**	-	-
Homeowner	Real Land & Improvements	**649,604**	-	763,428
Homeowner	Real Land & Improvements	**641,357**	-	645,925
Homeowner	Real Land & Improvements	**612,539**	666,131	-
Homeowner	Real Land & Improvements	**609,327**	-	-
Homeowner	Real Land & Improvements	**-**	656,695	-
Homeowner	Real Land & Improvements	**-**	649,280	
Homeowner	Real Land & Improvements	**-**	630,857	
Homeowner	Real Land & Improvements	**-**	616,185	
Homeowner	Real Land & Improvements	**-**	601,485	
Homeowner	Real Land & Improvements	**-**	597,214	
Perry Homes LLC	Real Land & Improvements	**-**	-	1,491,109
Phau-Shadowglen 22 LLC	Real Land & Improvements	**-**	-	888,822
Homeowner	Real Land & Improvements	**-**	-	661,647
Homeowner	Real Land & Improvements	**-**	-	645,429
Homeowner	Real Land & Improvements	**-**	-	640,850
Total		**$ 17,474,433**	$ 16,818,584	$ 18,099,129
Percent of Assessed Valuation		**3.8%**	3.5%	3.8%

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

	Tax Roll Year					
	2025		2024		2023	
Type of Property	**Amount**	**%**	Amount	%	Amount	%
Single Family Residence	**$ 478,248,068**	**104.9%**	$ 532,665,444	110.0%	$ 576,504,586	121.7%
Vacant Lot	**386,802**	**0.1%**	58,911	-	53,801	-
Non-Qualified Land	**26,096**	**-**	26,096	-	914,918	0.2%
Commercial Real Property	**11,847,383**	**2.6%**	11,972,281	2.5%	11,947,812	2.5%
Telephone Company	**4,381**	**0.0%**	4,302	-	7,610	-
Commercial Personal Property	**1,029,625**	**0.2%**	1,046,131	0.2%	1,129,390	0.2%
Residential Inventory	**-**	**-**	242,221	0.1%	2,250,928	0.5%
Tangible Personal	**16,767**	**-**	15,884	-	2,619	-
Totally Exempt Property	**910,501**	**0.2%**	997,412	0.2%	759,786	0.2%
Less: Adjustments	**(36,652,488)**	**(8.0)%**	(62,596,421)	(13.0)%	(119,838,708)	(25.3)%
Total Taxable	**$ 455,817,135**	**100.0%**	$ 484,432,261	100.0%	$ 473,732,742	100.0%

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.*]

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
UNLIMITED TAX BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,330,000

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

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

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

*Preliminary, Subject to Change.

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

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

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for 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,