OFFICIAL NOTICE OF SALE

$4,555,000
THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
(A Political Subdivision of the State of Texas Located in Bastrop County, Texas)
UNLIMITED TAX BONDS, SERIES 2025A

Bids Due: Monday, October 20, 2025 at 10:00 AM, CDT
Award Expected: 2:30 PM, CDT

The Bonds are obligations solely of The Colony Municipal Utility District No. 1C (the "District") and are not obligations of the City of Bastrop, Texas, Bastrop 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 $4,555,000 Unlimited Tax Bonds, Series 2025A (the "Bonds"). Sealed bids may be submitted by either of three alternative procedures: (i) written bids, (ii) electronic bids, or (iii) facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

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

Specialized Public Finance Inc. 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 bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

PROCEDURE NUMBER 1: SEALED, WRITTEN BIDS DELIVERED IN PERSON . . . Sealed, written bids, plainly marked "Bid for Bonds," should be addressed to the "Board of Directors of The Colony Municipal Utility District No. 1C," and if delivered in person, delivered to Garry Kimball, c/o Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, by 10:00 AM, CDT, on the date of the bid opening. 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.

PROCEDURE NUMBER 2: ELECTRONIC BIDDING PROCEDURES . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between 9:30 AM, CDT, and 10:00 AM, CDT, on the date of the bid opening.

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10010, (212) 849-5021.

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

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 Specialized Public Finance Inc. 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 interest cost to the District, as described under "Basis of Award" below.

PROCEDURE NUMBER 3: BIDS BY FACSIMILE . . . Bidders that choose to exercise the facsimile bidding options must submit their bid by facsimile on the date of the sale. Any bids received by facsimile will be attached to the signed Official Bid Form previously submitted.

Facsimile bids to the attention of Garry Kimball will be accepted at (512) 275-7305, between 9:30 AM, CDT, and 10:00 AM, CDT on the date of the sale.

The District and Specialized Public Finance Inc. are not responsible if such facsimile number is busy or malfunctioning which prevents a bid or bids from being submitted on a timely basis. The District and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of bids if the facsimile bid option is exercised.

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

SIGNED OFFICIAL BID FORM . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately by Specialized Public Finance, Inc. and must submit a Signed Official Bid Form in connection with the sale, by 10:30 AM, CDT, on the date of the sale to Monica Melvin, Specialized Public Finance Inc., monica@spfmuni.com.

PLACE AND TIME OF BID OPENING . . . The District will consider the award of the sale of the Bonds on Monday, October 20, 2025 at 2:30 PM, CDT. The meeting will be held in person at its regular meeting place at The Colony Amenity Center, 368 Stephen F. Austin Boulevard, Bastrop, Texas 78602 at 2:30 PM, CDT, on Monday, October 20, 2025. All bids, including those being hand delivered, must be received by 10:00 AM, CDT, on the date of the bid opening. Any bids received after the scheduled time for receipt will not be accepted by the Board and will be returned unopened.

AWARD OF BONDS . . . Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Upon awarding the sale of 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. 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 six 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 2:30 PM, CDT, on Friday, October 17, 2025, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

MUNICIPAL BOND RATING . . . The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

MUNICIPAL BOND INSURANCE: In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings ("S&P") as a result of said insurance will be paid by the District. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by Moody's or S&P of the bond insurance provider shall not relieve the Initial Purchaser of its obligation under the heading "DELIVERY AND ACCOMPANYING DOCUMENTS."

THE BONDS

DESCRIPTION OF BONDS . . . Interest on the Bonds will accrue from the Date of Initial Delivery, will be payable February 15, 2026 and each August 15 and February 15 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year comprised 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 BOKF, NA, Dallas, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds mature serially on August 15 in the years and amounts shown below.

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2028	$ 105,000	2036	$ 160,000	2044	$ 240,000
2029	110,000	2037	170,000	2045	255,000
2030	120,000	2038	180,000	2046	270,000
2031	125,000	2039	185,000	2047	280,000
2032	130,000	2040	195,000	2048	295,000
2033	140,000	2041	205,000	2049	310,000
2034	145,000	2042	220,000	2050	330,000
2035	155,000	2043	230,000		

REDEMPTION PROVISIONS . . . The District reserves the right to redeem prior to maturity those Bonds maturing on and after August 15, 2032, in whole or from time to time in part on August 15, 2031, or any date thereafter, in integral multiples of $5,000 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 are to be redeemed, the particular maturities, and sinking fund installments in the case of any Term Bonds, defined below, shall be selected and designated by the District; and if less than all of the Bonds within a maturity, or sinking fund installment in the case of any Term Bonds, are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent by lot or other customary random method.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder designates principal amounts to be combined into one or more term bonds ("Term Bonds"), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year.

SUCCESSOR PAYING AGENT/REGISTRARS . . . 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/Registrar.

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 an annual ad valorem tax levied against all taxable property located within the District, without legal limitation as to rate or amount.

BOOK-ENTRY-ONLY SYSTEM . . . The District intends to utilize the book-entry-only system of DTC. See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

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.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES . . . The Bonds will be sold in one block on an "all or none" basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used, but the highest interest rate bid may not exceed the lowest interest rate bid by more than 2.5% in rate. For Bonds having stated maturities on and after August 15, 2032, no reoffering yield producing a dollar price less than 95% for any individual maturities will be accepted. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than $5,000 will be considered.

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. 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 per maturity finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustments within three (3) hours after the opening of bids. Purchaser's compensation will be based upon the final par amount after any maturity 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 of Initial Delivery 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 net effective 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."

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

PROVISION OF TEXAS ETHICS COMMISSION 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 (*The Colony Municipal Utility District No. 1C*) and box 3 is the identification number assigned to this contract by the District *(Colony MUD1C UTB 2025A-BID)* and description of the goods or services (*Purchase of The Colony Municipal Utility District No. 1C Unlimited Tax Bonds, Series 2025A*). **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 garry@spfmuni.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 signatures by email to Bond Counsel at: jhale@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. The District reserves the right to reject any bid or any bidder that does not satisfy the requirement to provide a completed TEC Form 1295.** Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and none of such parties 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.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

GOOD FAITH DEPOSIT . . . Each bid must be accompanied by a bank cashier's check payable to the order of "The Colony Municipal Utility District No. 1C" in the amount of $91,100 which is 2% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the "Initial Purchaser") will be retained uncashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser uncashed. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid, then the check will be cashed and accepted by the District as full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the District that the Initial Purchaser was found not to satisfy the requirements described under "Covered Verifications" and as a result the Texas Attorney General will not deliver its approving opinion on 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. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the review of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded. See "Further State Law Compliance and Standing Letter Requirement" below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery."

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . . The District will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the bid. 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 the United States 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 this Agreement (defined below) shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale (collectively, the "Agreement"), notwithstanding anything in the Agreement to the contrary.

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

(ii) **No Boycott of Israel (Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of 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 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 THE TEXAS ATTORNEY GENERAL OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION, THE TEXAS COMPTROLLER, OR 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 Office of the Texas 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, 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.**

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 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 – Updating the 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 for each maturity in fully registered form in the aggregate principal amount of $4,555,000 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 Texas Attorney General 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 Dallas, 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 six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about November 19, 2025, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 10:00 AM, CST, on November 19, 2025 or thereafter on the date the Bonds are tendered for delivery up to and including December 3, 2025. If for any reason the District is unable to make delivery on or before December 3, 2025, 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 appear on the Bonds, but neither the failure to print or type such number 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 Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing, or typing of CUSIP numbers on the Bonds shall be paid by the District.

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 Texas Attorney General and the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the District ("Bond Counsel"), and the no-litigation certificate, all described below, and the non-occurrence of the events described below under "No Material Adverse Change." 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 OPINION . . . 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 Texas Attorney General, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District, and (3) pursuant to the Internal Revenue Code of 1986 (as amended, the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from 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. See "APPENDIX B – Form of Bond Counsel Opinion." The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Texas 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.

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 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 is expected 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."

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, as amended, the winning bidder agrees to complete, execute, and timely deliver to the District or to the District's financial advisor (the "District's Financial Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is being satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all 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 Sale 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 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 that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

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

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

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

CONTINUING DISCLOSURE

The District will agree in the Bond Order to provide certain periodic information and notices of certain 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 its (their) agent of a certified copy of the Bond Order containing the agreement described under such heading.

GENERAL CONSIDERATIONS

RECORD DATE . . . The record date ("Record Date") for any interest payable on any interest payment date means the close of business on the last day of the preceding month (whether or not a business day).

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

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

RESERVATION OF RIGHTS . . . The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

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

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

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

COPIES OF DOCUMENTS . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, Financial Advisor to the District.

President, Board of Directors
The Colony Municipal Utility District No. 1C

October 8, 2025

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OFFICIAL BID FORM

President and Board of Directors
The Colony Municipal Utility District No. 1C
c/o Specialized Public Finance Inc.
248 Addie Roy Road, Suite B-103
Austin, Texas 78746

We have read in detail the Official Notice of Sale and Preliminary Official Statement of The Colony Municipal Utility District No. 1C (the "District") relating to its $4,555,000 Unlimited Tax Bonds, Series 2025A (the "Bonds"), which by reference are made a part hereof. We recognize the risk factors 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 approximately ________% of par value), provided such Bonds mature August 15 and bear interest in each year at the following rates:

Maturity (August 15)	Principal Amount	Interest Rate	Maturity (August 15)	Principal Amount	Interest Rate
2028	$ 105,000	%	2040	$ 195,000	%
2029	110,000	%	2041	205,000	%
2030	120,000	%	2042	220,000	%
2031	125,000	%	2043	230,000	%
2032	130,000	%	2044	240,000	%
2033	140,000	%	2045	255,000	%
2034	145,000	%	2046	270,000	%
2035	155,000	%	2047	280,000	%
2036	160,000	%	2048	295,000	%
2037	170,000	%	2049	310,000	%
2038	180,000	%	2050	330,000	%
2039	185,000	%			

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

Term Bonds Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate

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

Total Interest from 11/19/2025 .... $______________________

Plus Cash Discount .... $______________________

Net Interest Cost.......... $______________________

Net Effective Interest Rate .... ______________________%

A wire transfer or a cashiers or certified check to the District in the amount of $91,100 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us.

We are having the Bonds insured by ________________________ at a premium of $__________, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agency as a result of said insurance **will be paid by the District.**

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 accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We understand that the sale of the Bonds has not been registered under the United States 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 acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions 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 and regulations of the jurisdiction in which the Bonds are offered or sold.

If the undersigned is not exempt from filing the Form 1295, then, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Form 1295 through the TEC's electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized, and sent by email to the District's Bond Counsel at jhale@mphlegal.com. The undersigned understands that the failure to provide the certified Form 1295 will allow the District to forego awarding the enclosed bid.

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 Agreement (defined below) shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or the Official Notice of Sale (collectively, the "Agreement"), notwithstanding anything in the Agreement to the contrary.

(i) <u>No Boycott of Israel Verification (Texas Government Code Chapter 2271).</u> The Initial 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, Texas Government Code.

(ii) <u>Not a Sanctioned Company (Texas Government Code Chapter 2252).</u> The Initial 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, Texas 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.

(iii) <u>No Boycott of Energy Companies (Texas Government Code Chapter 2276).</u> The Initial 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), Texas Government Code.

(iv) <u>No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274).</u> The Initial 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), Texas Government Code.

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

By submitting this bid, the Initial Purchaser understands and agrees that the liability of the Initial Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas 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. Additionally, the Initial 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 Initial 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 Initial 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 Initial 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 Initial Purchaser agrees to provide such further representations, certifications, or assurances in connection with the Covered Verifications, as of the Delivery Date 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 Initial 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 of financial companies boycotting energy companies or discriminating against firearm entities.

The Initial Purchaser understands and agrees that to the extent the Initial 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 AGREEMENT OF THE INITIAL PURCHASER TO PURCHASE THE BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned certifies that it [is]/[is not] exempt from filing the Texas Ethics Commission (the "TEC") Certificate of Interested Parties Form 1295 (the "Form 1295") by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

____
Name of Initial Purchaser or Manager

____
Authorized Representative

____
Phone Number

____
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by The Colony Municipal Utility District No. 1C this the 20th day of October, 2025.

ATTEST:

________________________________	________________________________
Assistant Secretary, Board of Directors The Colony Municipal Utility District No. 1C	President, Board of Directors The Colony Municipal Utility District No. 1C

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ISSUE PRICE CERTIFICATE

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Initial Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2025A issued by The Colony Municipal Utility District No. 1C ("Issuer") in the principal amount of $4,555,000 ("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 Initial Purchaser, the Initial 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 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 Initial Purchaser in formulating its bid to purchase the Bonds.

(b) The Initial 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 Initial Purchaser constituted a firm bid to purchase the Bonds.

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

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

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 Initial 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 ________, 2025.

_______________________________, as Initial Purchaser

By:_____________________________________

Name:___________________________________

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ISSUE PRICE CERTIFICATE

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Initial Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Bonds, Series 2025A issued by The Colony Municipal Utility District No. 1C ("Issuer") in the principal amount of $4,555,000 ("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 Initial 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 Initial 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 Initial 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 Initial Purchaser [has]/[has not] purchased bond insurance for the Bonds. [The bond insurance has been purchased from ________________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.]

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

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 Initial 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 _________________, 2025.

_______________________________, as Initial Purchaser

By:_____________________________________

Name:_____________________________________

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 8, 2025

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

NEW ISSUE – Book-Entry-Only **Insurance: Applied For**

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

$4,555,000
THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
(A Political Subdivision of the State of Texas Located in Bastrop County, Texas)
UNLIMITED TAX BONDS, SERIES 2025A

Dated: November 19, 2025 **Due: August 15, as shown on the inside cover page**
Interest to accrue from the Date of Initial Delivery (as defined below)

PAYMENT TERMS . . . Interest on The Colony Municipal Utility District No. 1C Unlimited Tax Bonds, Series 2025A (the "Bonds") will accrue from the Date of Initial Delivery (as defined below), will be payable February 15, 2026 and each August 15 and February 15 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 BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of The Colony Municipal Utility District No. 1C (the "District") and are not obligations of the City of Bastrop, Texas, Bastrop County, Texas, the State of Texas, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS" herein.

PURPOSE . . . The proceeds of the Bonds will be used to finance the items more specifically described herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." Proceeds of the Bond will also be used to: (i) capitalize approximately twelve months' interest requirements on the Bonds; (ii) pay operating costs; (iii) pay developer interest; and (iv) pay other costs associated with the issuance of the Bonds.

CUSIP PREFIX: 19626H
MATURITY SCHEDULE
See inside cover page

LEGALITY . . . 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 . . . Delivery of the Bonds is expected through the facilities of DTC on November 19, 2025 (the "Date of Initial Delivery").

BIDS DUE: MONDAY, OCTOBER 20, 2025 BY 10:00 AM, CDT
AT 248 ADDIE ROY ROAD, SUITE B-103, AUSTIN, TEXAS 78746
AWARD EXPECTED: 2:30 PM, CDT

MATURITY SCHEDULE

8/15 Maturity		Principal Amount	Interest Rate[a]	Initial Yield[b]	CUSIP Numbers[c]
2028		$ 105,000			
2029		110,000			
2030		120,000			
2031		125,000			
2032	(d)	130,000			
2033	(d)	140,000			
2034	(d)	145,000			
2035	(d)	155,000			
2036	(d)	160,000			
2037	(d)	170,000			
2038	(d)	180,000			
2039	(d)	185,000			
2040	(d)	195,000			
2041	(d)	205,000			
2042	(d)	220,000			
2043	(d)	230,000			
2044	(d)	240,000			
2045	(d)	255,000			
2046	(d)	270,000			
2047	(d)	280,000			
2048	(d)	295,000			
2049	(d)	310,000			
2050	(d)	330,000			

(Interest accrues from the Date of Initial Delivery)

____

(a) After requesting competitive bids for the purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of approximately ________% 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 (as herein defined). 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. None of the Initial Purchaser, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part, as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(d) The District reserves the right to redeem, prior to maturity, in integral multiples of $5,000, those Bonds maturing on and after August 15, 2032 in whole or from time to time in part, on August 15, 2031, 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 by the Initial Purchaser of the Bonds. See "THE BONDS – Redemption."

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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.

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

This Official Statement contains, in part, estimates, assumptions, and matters of opinion that 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."

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

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

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

TABLE OF CONTENTS

The cover page hereof, this page, the schedule and appendices included herein, and any addenda, supplement, or amendment hereto, are part of the Official Statement.

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 approximately _____% 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 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 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. Additionally, there are no assurances that, if a secondary market for the Bonds were to develop, it will not be disrupted by events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

SECURITIES LAWS . . . No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; 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 the 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 the Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See "RISK FACTORS – Forward-Looking Statements."

MUNICIPAL BOND RATING AND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

An application has been made to municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings ("S&P") as a result of said insurance will be paid by the Initial Purchaser. See "RISK FACTORS – Bond Insurance Risks."

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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. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT

THE DISTRICT.. The Colony Municipal Utility District No. 1 (the "Original District"), was created by House Bill 3636, Acts of the 78th Legislature, Regular Session (2003) (the "Creation Legislation"), as a municipal utility district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution and operating pursuant to Chapters 49 and 54 of the Texas Water Code, and confirmed pursuant to an election held within the Original District on September 11, 2004. On February 5, 2005, an election was held to divide the Original District into seven (7) districts, including The Colony Municipal Utility District No. 1C (the "District"). At the time of division, the District contained approximately 198.554 acres. After one exclusion, the District now contains approximately 190.585 acres. The District is part of a master planned community known as The Colony. The Colony includes a total of seven (7) municipal utility districts (the "Colony Districts") that are served by a central water supply system maintained by The Colony Municipal Utility District No. 1A ("MUD No. 1A") with the source of water being Aqua Water Supply Corporation ("Aqua"). The Colony Districts share in certain regional wastewater improvements, including lift stations, force mains, and a single wastewater treatment plant. Each district has its own boundaries and has its own customers. MUD No. 1A serves as the "Managing District" and is responsible for operation of the central water facilities and regional wastewater facilities. See "THE DISTRICT – General."

LOCATION.. The District is located wholly within Bastrop County, Texas, and is located approximately 3 miles northwest of downtown Bastrop, Texas. The District is located just north of State Highway 71 and west of FM 969. All of the land within the District is within the extraterritorial jurisdiction of the City of Bastrop, Texas. Access to the District is from State Highway 71 via Stephen F. Austin Boulevard and Sam Houston Drive. See "THE DISTRICT – Location."

THE DEVELOPER .... The developer currently active within the District is Hunt Communities Bastrop, LLC, a Delaware limited liability company (the "Developer" or "Hunt") and an affiliate of Hunt Communities Group, Inc. The Developer is a single purpose entity created for the purpose of purchasing and developing land within The Colony master planned community, including the District. The Developer has completed the development of all developable land within the District (502 lots) and currently owns 177 vacant developed lots within the District. See "THE DEVELOPER – Description of Developer," and "THE DISTRICT – Current Status of Development."

DEVELOPMENT WITHIN THE DISTRICT........... Water, wastewater, and drainage facilities have been constructed on all developable land within the District. To date, approximately 190.585 acres within the District have been developed as The Colony MUD 1C, Sections 1 through 8. Included in the approximately 190.585 developed acres are 4.968 acres that were platted as part of The Colony Municipal Utility District No. 1D plat, but are inside the District's boundaries. As of August 1, 2025, development in the District consisted of 502 developed single-family lots, 275 completed homes (263 of which are occupied, and 12 of which are unoccupied), 50 homes under construction, and 177 vacant developed single-family lots.

There is no remaining developable land in the District. See "THE DISTRICT – Current Status of Development."

HOMEBUILDERS... Weekley Homes, Scott Felder Homes, Lennar Homes, Ashton Austin Homes and Sitterle Homes are currently the active homebuilders within the District. Homes in the District range in price from approximately $309,000 to approximately $719,000 with square footages ranging from approximately 1,589 to 3,529. See "THE DEVELOPER – Homebuilders within the District."

THE BONDS

DESCRIPTION .... The District is issuing its $4,555,000 Unlimited Tax Bonds, Series 2025A (the "Bonds"). The Bonds mature serially in varying amounts on August 15 of each year from 2028 through 2050 as set forth on the inside cover page hereof unless the Initial Purchaser elects to treat two or more consecutive maturities as term bonds. Interest accrues from the Date of Initial Delivery of the Bonds (expected on November 19, 2025) and is payable February 15, 2026 and each August 15 and February 15 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 August 15, 2032, in whole or from time to time in part, on August 15, 2031, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Redemption." Additionally, the Bonds may be subject to mandatory sinking fund redemption if the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds.

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 Bastrop, Texas; Bastrop County, Texas; the State of Texas; or any entity other than the District.** See "THE BONDS – Source of and Security for Payment."

PAYMENT RECORD .... The Bonds constitute the third series of bonds issued by the District. As of the Date of Initial Delivery, $7,445,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). The District has not defaulted on the payment of its previously issued bonds. See "FINANCIAL STATEMENT."

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

USE OF PROCEEDS .... The proceeds of the Bonds will be used to finance the items more specifically described under "USE AND DISTRIBUTION OF BOND PROCEEDS." Proceeds of the Bonds will also be used to: (i) capitalize approximately twelve months' interest requirements on the Bonds; (ii) pay operating costs; (iii) pay developer interest; and (iv) pay other costs associated with the issuance of the Bonds.

BONDS AUTHORIZED BUT UNISSUED............... At an election held within the District on November 3, 2020, the voters within the District approved the issuance of $87,420,000 in unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities (the "Utility Bonds"). After the issuance of the Bonds, the District will have $75,420,000 remaining in authorized but unissued Utility Bonds. The District voters, at the election held within the District on November 3, 2020, also authorized the issuance of $15,000,000 in unlimited tax bonds for the acquisition and construction of parks and recreational facilities and $153,630,000 in unlimited tax bonds for the purpose of refunding bonds issued for the purpose of acquiring or constructing water, wastewater, and drainage facilities or park and recreational facilities, all of which remains authorized but unissued. See "FINANCIAL STATEMENT – Table 4 – Unlimited Tax Bonds Authorized But Unissued" and "THE BONDS – Issuance of Additional Debt."

Municipal Bond Rating	The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.
Municipal Bond Insurance	An application has been made to various municipal bond insurance companies for qualification of the Bonds for municipal insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to Moody's or S&P as a result of said insurance will be paid by the Initial Purchaser. See "RISK FACTORS – Bond Insurance Risks."
Qualified Tax-Exempt Obligations	The District expects to designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2025 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	Specialized Public Finance Inc., Austin, Texas
Engineer	Jones-Heroy & Associates, Inc., Austin, Texas

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(Unaudited as of August 18, 2025)

2023 Certified Taxable Assessed Valuation	$	50,124,237	(a)
2024 Certified Taxable Assessed Valuation	$	64,189,711	(a)
2025 Certified Taxable Assessed Valuation	$	79,955,687	(a)
Estimated Taxable Assessed Valuation (as of June 1, 2025)	$	120,010,000	(b)
Gross Debt Outstanding of the District (after issuance of the Bonds)	$	12,000,000	(c)
Ratio of Gross Debt to 2025 Certified Taxable Assessed Valuation		15.01%	
Ratio of Gross Debt to Estimated Taxable Assessed Valuation (as of June 1, 2025)		10.00%	
General Fund Balance (as of August 18, 2025)	$	701,022	
Debt Service Fund Balance (as of August 18, 2025)	$	927,038	(d)
Capital Projects Fund Balance (as of August 18, 2025)	$	550,828	
2025 District Debt Service Tax Rate	$	0.6500	
2025 District Maintenance Tax Rate		0.2000	
2025 Tax Rate	$	0.8500	(e)
Projected Average Annual Debt Service Requirement of the Outstanding Bonds and the Bonds (“Projected Average Requirement”) (2026-2050)	$	821,648	(f)
Tax Rate required to pay Projected Average Requirement based upon			
2025 Certified Taxable Assessed Valuation at 95% collections	$	1.0818/$100 AV	
Estimated Taxable Assessed Valuation at 95% collections (as of June 1, 2025)	$	0.7207/$100 AV	
Projected Maximum Annual Debt Service Requirement of the Outstanding Bonds and the Bonds (“Projected Maximum Requirement”) (2048)	$	908,200	(f)
Tax Rate required to pay Projected Maximum Requirement based upon			
2025 Certified Taxable Assessed Valuation at 95% collections	$	1.1957/$100 AV	
Estimated Taxable Assessed Valuation at 95% collections (as of June 1, 2025)	$	0.7967/$100 AV	

Number of homes and lots as of August 1, 2025:

Completed Homes (occupied)	263
Completed Homes (unoccupied)	12
Homes Under Construction	50
Vacant Developed Lots	177
Estimated Population as of August 1, 2025	921[g]

____

(a) Certified Taxable Assessed Valuation of the District as provided by the Bastrop Central Appraisal District (“BCAD”). See “TAXING PROCEDURES.”

(b) Preliminary Taxable Assessed Valuation as provided by BCAD for informational purposes only, representing the estimated net taxable value as of June 1, 2025. No taxes will be levied on this estimated valuation.

(c) Includes the Outstanding Bonds and the Bonds.

(d) Unaudited as of August 18, 2025. Does not include approximately twelve months of capitalized interest ($239,138) which is expected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service.

(e) See “TAXING PROCEDURES.” The District adopted its 2025 tax rate at its September 15, 2025 Board meeting.

(f) See “FINANCIAL STATEMENT – Pro-Forma Debt Service Requirement.”

(g) Based upon 3.5 residents per completed and occupied single family home.

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OFFICIAL STATEMENT
relating to

$4,555,000
THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
(A Political Subdivision of the State of Texas Located in Bastrop County, Texas)
UNLIMITED TAX BONDS, SERIES 2025A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by The Colony Municipal Utility District No. 1C (the "District"), a political subdivision of the State of Texas (the "State"), of its $4,555,000 Unlimited Tax Bonds, Series 2025A (the "Bonds").

The Bonds are issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Order"); Article XVI, Section 59 of the Texas Constitution and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 2020; and the approving order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission").

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

Included in this Official Statement are descriptions of the Bonds, the Developer (herein defined), 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, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing, and handling charges.

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

RISK FACTORS

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

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

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

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developer and homebuilders are able to obtain financing for development and construction costs. As a result of increasing foreclosure activity, potential adverse impact on assessed valuations, and a general tightening of credit that has resulted, lenders have increased lending requirements for both single family mortgage lending and real estate development lending. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies.

Competition: The demand for single family homes in the District could be affected by competition from other residential developments, including other residential developments located in other utility districts 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 Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of the Developer in the sale of developed lots and of homebuilders within the District in the construction of single family residential houses 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.

Dependence Upon Principal Taxpayers: Based upon the most recently available information from the Bastrop County Tax Assessor/Collector, the principal taxpayers in the District represented $12,450,772 or approximately 15.57% of the District's 2025 Certified Taxable Assessed Valuation of $79,955,687. If the active homebuilders within the District, or any 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 Collections and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers," and "TAXING PROCEDURES – Levy and Collection of Taxes." The growth of the tax base is dependent upon additional construction of homes within the District. The Developer is under no obligation to continue to market developed tracts of land for improvement. 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, the homebuilders within the District, or other entities to whom such parties may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. See "THE DISTRICT – Current Status of Development" and "THE DEVELOPER."

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2025 Certified Taxable Assessed Valuation is $79,955,687 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be $908,200 (2048) and the Projected Average Annual Debt Service Requirement will be $821,648 (2026-2050, inclusive). Based on the 2025 Certified Taxable Assessed Valuation of $79,955,687, a tax rate of $1.1957/$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement, and a tax rate of $1.0818/$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement. See "FINANCIAL STATEMENT – Table 2 – Pro-Forma Debt Service Requirements" and "TAX DATA – Tax Adequacy for Debt Service."

VACANT DEVELOPED LOTS . . . As of August 1, 2025, approximately 177 developed lots within the District remained available for home construction. Future increases in value will result primarily from the construction of homes by homebuilders. The District makes no representation that the lot sales and building program will be successful.

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

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.

BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . . The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of State law discussed below, a political subdivision, such as the District, may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (i) is specifically authorized to file for federal bankruptcy protection by applicable state law, (ii) is insolvent or unable to meet its debts as they mature, (iii) desires to effect a plan to adjust such debts, and (iv) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under State law a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under Federal bankruptcy law only if such district has fully exercised its rights and powers under State law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district.

The District may not be placed into bankruptcy involuntarily.

FUTURE DEBT . . . As of August 1, 2025, approximately 190.585 acres of land within the District had been developed with utility facilities by the Developer. Following reimbursement to the Developer with the proceeds of the Bonds, the District will still owe the Developer approximately $3,301,577 for its expenditures to construct the water, wastewater, and drainage facilities within the District. In the opinion of the District's Engineer (defined herein), the remaining authorization is sufficient to reimburse the Developer for the water, wastewater, and drainage facilities required to serve development within the District. See "THE SYSTEM."

Therefore, the Developer will be owed additional funds with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). 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 may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ and, in the case of bonds payable from taxes, the District’s voters. On November 3, 2020, voters within the District authorized the issuance of unlimited tax bonds in the principal amount of $87,420,000 for the purpose of providing water, wastewater, and drainage facilities to meet the needs of the residents and customers of the District. Following the issuance of the Bonds, $75,420,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater, and drainage facilities. See “FINANCIAL STATEMENT – Table 4 – Unlimited Tax Bonds Authorized But Unissued Bonds.” The District’s voters, at the election held within the District on November 3, 2020, also authorized the issuance of $15,000,000 in unlimited tax bonds for the acquisition and construction of parks and recreational facilities and $153,630,000 in unlimited tax bonds for the purpose of refunding bonds issued for the purpose of acquiring or constructing water, wastewater, and drainage facilities or park and recreational facilities, all of which remains authorized but unissued.

The District has reserved in the Bond Order the right to issue the remaining $75,420,000 in authorized but unissued water, wastewater, and drainage facilities unlimited tax bonds, the remaining $15,000,000 unlimited tax bonds for park and recreational facilities, the remaining $153,630,000 in unlimited tax bonds for refunding purposes, and such additional bonds as may hereafter be approved by both the Board and voters of the District. All of the remaining $75,420,000 water, wastewater, and drainage facilities unlimited tax bonds may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and the TCEQ. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bond which may be issued by the District. The principal amount of park bonds sold by the District is limited to 1% of the District’s assessed valuation; however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Any additional bonds issued by the District may dilute the security for the Bonds.

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 September 22, 2025 (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.

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, 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.

Any 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 will 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. The Federal Clean Air Act ("CAA") requires the United States Environmental Protection Agency (the "EPA") to adopt and periodically revise national ambient air quality standards ("NAAQS") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant 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. In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"). The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin Area") was not designated "nonattainment" under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On May 1, 2018, the EPA designated the Austin Area as "attainment" under the 2015 Ozone Standards, which became effective on August 3, 2018.

Should the Austin Area fail to achieve attainment under EPA NAAQS, or should the Austin 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 Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial, and residential development in the Austin Area.

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

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

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

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

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

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas within the "waters of the United States." The District must also obtain a permit from the United States over which the EPA and USACE have jurisdiction under the CWA.

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

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

POTENTIAL IMPACT OF NATURAL DISASTER . . . The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed valuation of such taxable properties could be significantly reduced, resulting in a decrease in the taxable value of the District or an increase in the District's tax rate. See "TAXING PROCEDURES – Temporary Exemption for Qualified Property Damages 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.

STORM WATER . . . In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). 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 Flood Plain."

DROUGHT CONDITIONS . . . Central Texas, like other areas of the State, has experienced extreme drought conditions within the last several years. The District adopted a water conservation plan and currently has implemented water restrictions for residents of the District. Aqua Water Supply Corporation ("Aqua") provides water to the District in amounts sufficient to service the residents of the District, however, if drought conditions continue or worsen, water usage, District revenues, and rates could be impacted. Additionally, the marketability of lots and homes within the District as well as the assessed valuation of such lots and homes could be impacted.

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

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

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

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

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. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

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."

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

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

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

THE BONDS

GENERAL DESCRIPTION . . . The Bonds will bear interest from the Date of Initial Delivery (expected on November 19, 2025) and will mature on August 15 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 will be paid on February 15, 2026 and each August 15 and February 15 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 for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent" or "Paying Agent/Registrar").

REDEMPTION . . . The Bonds maturing on and after August 15, 2032 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 15, 2031, or on any date thereafter, in integral multiples of $5,000, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption if the Initial Purchaser elects to aggregate two or more consecutive maturities as term bonds ("Term Bonds").

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

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

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will 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 optional redemption is given and such prerequisites to the optional redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SELECTION OF BONDS FOR REDEMPTION . . . If less than all of the Bonds are called for optional redemption, the particular maturities, or sinking fund installments in the case of Term 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 to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of $5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate, and such sinking fund installment in the case of Term Bonds shall be selected by lot or other customary random method or as otherwise required 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 Dallas, 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 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 last calendar day (whether or not a business day) of the month preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

AUTHORITY FOR ISSUANCE . . . At an election held within the District on November 3, 2020, voters within the District authorized the issuance of $87,420,000 in unlimited tax bonds for water, wastewater, and drainage facilities to serve the District. The Bonds constitute the third series of bonds issued by the District from such voted authorization. After the issuance of the Bonds, $75,420,000 principal amount of unlimited tax bonds will remain authorized but unissued for water, wastewater, and drainage facilities. The District's voters, at the election held within the District on November 3, 2020, also authorized the issuance of $15,000,000 in unlimited tax bonds for the acquisition and construction of parks and recreational facilities and $153,630,000 in unlimited tax bonds for the purpose of refunding bonds issued for the purpose of acquiring or constructing water, wastewater, and drainage facilities or park and recreational facilities, all of which remain authorized but unissued.

The Bonds are issued pursuant to the terms and provisions of the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59 of the Texas Constitution; and the bond election held within the District as described above. The issuance of the Bonds has been approved by an order of the TCEQ.

SOURCE OF AND SECURITY FOR PAYMENT . . . The Bonds will be payable from and secured by a pledge of the proceeds of 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 and the Outstanding Bonds (defined herein) 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" below.

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

PAYMENT RECORD . . . The Bonds constitute the third series of bonds issued by the District. As of the Date of Initial Delivery, $7,445,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). The District has not defaulted on the payment of its previously issued bonds.

FLOW OF FUNDS . . . The Bond Order confirms creation of the District's Debt Service Fund and a Capital Projects Fund. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owners of the Bonds and the Outstanding Bonds. Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund . . . The Bond Order confirms creation of the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds and the Outstanding Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and capitalized interest on the Bonds, if any, (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 (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds and the Outstanding Bonds, when due, and to pay fees to the Paying Agent when due.

Capital Projects Fund . . . The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds, and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater, and drainage facilities as approved by TCEQ, then it is 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 BOKF, NA having an office for payment in Dallas, Texas, the Paying Agent. The 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 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.

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 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 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 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 or verification agent 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 any interest payable on any interest payment date means the close of business on the last calendar day of the month preceding each interest payment date (whether or not a business day).

ISSUANCE OF ADDITIONAL DEBT . . . The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ (if applicable) and, in the case of bonds payable from taxes, the District's voters. On November 3, 2020, voters within the District authorized the issuance of unlimited tax bonds in the principal amounts of $87,420,000 for the purpose of providing water, wastewater, and drainage facilities to meet the needs of the residents and customers of the District. Following the issuance of the Bonds, $75,420,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater, and drainage facilities. See "FINANCIAL STATEMENT – Table 4 – Unlimited Tax Bonds Authorized But Unissued." The District's voters, at the election held within the District on November 3, 2020, also authorized the issuance of $15,000,000 in unlimited tax bonds for the acquisition and construction of parks and recreational facilities and $153,630,000 in unlimited tax bonds for the purpose of refunding bonds issued for the purpose of acquiring or constructing water, wastewater, and drainage facilities or park 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 "RISK FACTORS – Future Debt."

According to the District's Engineer, the $75,420,000 in principal amount of unlimited tax bonds authorized but unissued is 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 to issue revenue bonds and notes without voter approval. The District does not employ any formula with respect to assessed valuations, tax collections, or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The principal amount of park bonds sold by the District is limited to 1% of the District's assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Texas Water Code, bonds, notes, or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes, or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256) ("PFIA"), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

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

REMEDIES IN EVENT OF DEFAULT . . . The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W. 3d 142 (Tex. 2018) ("*Wasson II*"), and together with Wasson I, "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority, or for the benefit, of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

CONSOLIDATION . . . A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

ANNEXATION . . . The District is located entirely within the extraterritorial jurisdiction of the City. Under Texas law, a municipality may annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without consent of the district subject to compliance by the municipality with various requirements of Chapter 43 of the Texas Local Government Code ("Chapter 43"). Under Chapter 43, (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of August 1, 2025, the District had an estimated population of 921, 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 annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur. See "THE DISTRICT – Consent Agreement" for additional details on the City's ability to annex the District.

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 simultaneously annexing 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.

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC 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 takes any responsibility for the accuracy thereof.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the items listed below. Proceeds of the Bonds will also be used to: (i) capitalize approximately twelve months' interest requirements on the Bonds; (ii) pay operating costs; (iii) pay developer interest; and (iv) pay other costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, $3,042,763 is estimated to be required for construction costs, and $1,512,237 is estimated to be required for non-construction costs, including $239,138 of capitalized interest (approximately twelve months' interest estimated at 5.25%).

I. CONSTRUCTION COSTS		**District's Share**
A. Developer Contribution Items:		
1. The Colony MUD 1C, Sections 2 and 3 – Water, Wastewater, and Drainage	$	92,063
2. The Colony MUD 1C, Section 4 – Water, Wastewater, and Drainage		576,152
3 The Colony MUD 1C, Section 5		801,522
4. The Colony MUD 1C, Sections 6 and 7 – Water, Wastewater, and Drainage		1,501,600
5. Engineering, Testing, and Permitting (Items 1-3)		402,616
Total Developer Contribution Items	$	3,373,953
B. District Items:		
1. Shared Wastewater Line – MUD 1C, Sections 6 and 7	$	155,156
2. Shared Regional Detention Pond – MUD 1C, Sections 6 and 7		47,602
Total District Costs	$	202,758
Total Construction Costs	**$**	**3,576,711**
Less: Surplus Funds		**(533,948)**
Net Construction Costs (66.80% of Bond Issue)	**$**	**3,042,763**
II. NON-CONSTRUCTION COSTS		
A. Legal Fees	$	136,650
B. Fiscal Agent Fees (2.00%)		91,100
C. Interest:		
1. Capitalized Interest (12 months estimated at 5.25%)		239,138
2. Developer Interest[(a)]		717,025
D. Bond Discount (3.00%)		136,650
E. Operating Costs		84,380
F. Bond Issuance Expenses		49,351
G. Bond Engineering Report		42,000
H. Attorney General Fee (0.10%)		4,555
I. TCEQ Fee (0.25%)		11,388
J. Contingency[(b)]		0
Total Non-Construction Costs	**$**	**1,512,237**
TOTAL BOND ISSUE REQUIREMENT	**$**	**4,555,000**

(a) Based on an estimated interest rate of 5.25%. The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board prior to disbursement of funds.
(b) The TCEQ, in its approval of the issuance 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 proceeds.

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THE DISTRICT

GENERAL . . . The Colony Municipal Utility District No. 1 (the "Original District"), was created by House Bill 3636, Acts of the 78th Legislature, Regular Session (2003) (the "Creation Legislation"), as a municipal utility district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution and operating pursuant to Chapters 49 and 54 of the Texas Water Code, and confirmed pursuant to an election held within the Original District on September 11, 2004. On February 5, 2005, an election was held to divide the Original District into seven (7) districts (the "Colony Districts"), including the District.

At the time of division, the District contained approximately 198.554 acres. After one exclusion, the District now contains approximately 190.585 acres.

The District is part of a master planned community being developed as The Colony. The Colony Districts are served by a central water supply system operated and maintained by The Colony Municipal Utility District No. 1A ("MUD No. 1A") with the wholesale source of water being Aqua. The Colony Districts share in certain regional wastewater improvements, including lift stations, force mains, and a single wastewater treatment plant operated by MUD No. 1A. Each district has its own boundaries and has or will have its own customers. MUD No. 1A serves as the "Managing District" and is responsible for operation of the central water facilities and regional wastewater facilities.

MANAGEMENT . . . ***Board of Directors.*** The District is governed by the 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 on the first Saturday in May in each even numbered year. All of the directors reside or own property in the District.

Name	Title	Term Expires
Michael A. Prokop	President	2028
Sharon Rosshirt	Vice President	2028
Vacant	Secretary	2026
Jason Sperry	Asst. Secretary	2026
Rachel Gonzales	Asst. Secretary	2026

CONSULTANTS . . . *Tax Assessor/Collector.* The District has contracted with the Bastrop County Tax Assessor/Collector to assess and collect taxes levied by the District.

Operator. The District's retail utility system is operated by Crossroads Utility Services LLC ("Crossroads") pursuant to a contract. Crossroads serves in a similar capacity for over 45 other special districts in the Austin metropolitan area.

Bookkeeper. Bott & Douthitt, PLLC ("B&D") provides bookkeeping services for the District. B&D serves in a similar capacity for over 140 other special districts.

Auditor. The District's financial statements for fiscal year ending September 30, 2024 were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2024 have been included as APPENDIX A in reliance upon such firm's authority in the field of accounting.

Engineer. The District's consulting engineer is Jones-Heroy & Associates, Inc. (the "District's Engineer"). Such firm serves as consulting engineer to over 70 districts.

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

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 are contingent upon the sale of and delivery of the Bonds.

General Counsel. The District has engaged Armbrust & Brown, PLLC as General Counsel. Fees paid to Armbrust & Brown, PLLC for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

LOCATION . . . The District is located wholly within Bastrop County, Texas, and is located approximately 3 miles northwest of downtown Bastrop, Texas. The District is located just north of State Highway 71 and west of FM 969. All of the land within the District is within the extraterritorial jurisdiction of the City. Access to the District is from State Highway 71 via Stephen F. Austin Boulevard and Sam Houston Drive. See "LOCATION MAP."

CURRENT STATUS OF DEVELOPMENT . . . Water, wastewater, and drainage facilities have been constructed on all developable land within the District. To date, approximately 190.585 acres within the District have been developed as The Colony MUD 1C, Sections 1 through 8. Included in the approximately 190.585 developed acres are approximately 4.968 acres that were platted as part of The Colony Municipal Utility District No. 1D plat, but are inside the District's boundaries. As of August 1, 2025, development in the District consisted of 502 developed single-family lots, 275 completed homes (263 of which are occupied, and 12 of which are unoccupied), 50 homes under construction, and 177 vacant developed single-family lots.

The chart below reflects the status of development as of August 1, 2025:

			Single Family		
	Net Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
A. Sections Developed with Utility Facilities					
Colony MUD 1C, Sections 1 through 8	185.617	502	275	50	177
Inside MUD 1C but platted as a portion of MUD 1D	4.968	0	0	0	0
Total Developed	**190.585**	**502**	**275**	**50**	**177**
B. Remaining Developable Acreage	0.000				
C. Undevelopable Acreage (Open Space, Drainage)	0				
Total	**190.585**				

FUTURE DEVELOPMENT . . . As of August 1, 2025, there were no remaining developable acres in the District. The District's Engineer estimates that the $75,420,000 remaining principal amount of water, wastewater, and drainage unlimited tax bonds authorized and unissued will be sufficient to reimburse the Developer for the existing and future utility facilities. 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.

CONSENT AGREEMENT . . . The City consented to the creation and division of the Original District by Resolution dated February 10, 2004. Additionally, the City and Sabine Investment Company, a Delaware corporation ("Sabine"), previously entered into a Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 dated effective as of February 23, 2004 (the "Original Consent Agreement"), which, among other things, provided for the creation of the Original District, the division of the Original District in to at least five Colony Districts, and a regulatory process for the development of ±1491.04 acres of land within the City's extraterritorial jurisdiction (the "Project"). As required by the Original Consent Agreement, the Original District joined in and consented to the Original Consent Agreement by Joinder and Consent to Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 dated June 8, 2004. Subsequently, as permitted by the Creation Legislation and the Original Consent Agreement, the Original District divided into the seven Colony Districts, consisting of The Colony Municipal Utility District Nos. 1A through 1G, pursuant to an election held by the Original District on February 5, 2005. MUD No. 1A joined in and consented to the Original Consent Agreement by Joinder and Consent to Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 dated May 18, 2005, and each of the remaining Colony Districts, including the District, joined in and consented to the Original Consent Agreement by a Joinder and Consent to Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 dated June 14, 2005. Effective December 30, 2006, Sabine merged with and into Forestar (USA) Real Estate Group Inc., a Delaware corporation ("Forestar"), at which time Forestar succeeded, by operation of law, to Sabine's interest in and to the Original Consent Agreement. To memorialize the merger, Forestar also joined in and consented to the Original Consent Agreement by Joinder and Consent to Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 dated effective December 30, 2006. The City, Forestar, and the Colony Districts subsequently amended the Original Consent Agreement by First Amendment to Consent Agreement for the Colony Municipal Utility District No. 1 and Colony Districts to be Created by Division of the Colony Municipal Utility District No. 1 dated effective as of June 14, 2016 (the "First Amendment"). Forestar, with the consent of the City and the Colony Districts, subsequently assigned all of its right, title, and interest in, to, and under the Original Consent Agreement, as amended by the First Amendment, to Hunt pursuant to an Assignment of Consent Agreement for The Colony Municipal Utility District No. 1 and Colony Districts to be Created by the Division of The Colony Municipal Utility District No. 1 and Consent dated effective December 30, 2016. The City, Hunt, and the Colony Districts later entered into a Second Amendment to Consent Agreement for the Colony Municipal Utility District No. 1 and Colony Districts to be Created by Division of the Colony Municipal Utility District No. 1 dated effective as of November 7, 2017 (the "Second Amendment"), a Third Amendment to Consent Agreement for the Colony Municipal Utility District No. 1 and Colony Districts to be Created by Division of the Colony Municipal Utility District No. 1 dated effective as of March 4, 2020 (the "Third Amendment"), and a Fourth Amendment to Consent Agreement for the Colony Municipal Utility District No. 1 and Colony Districts to be Created by Division of the Colony Municipal Utility District No. 1 dated effective as of November 23, 2020 (the "Fourth Amendment") (the Original Consent Agreement as amended being referred to herein collectively as the "Consent Agreement"). The Consent Agreement addressed matters related to the administration of the Colony Districts as well as matters related to the development of the Project. At the request of the City, the Fourth Amendment contemplated that the Consent Agreement would be further amended in order to consolidate all amendments and restate the MUD-related provisions and the development-related provisions into two separate documents for ease of use, reference, and administration. Drafts of the separate agreements have been submitted to the City.

Among other things, the Consent Agreement (a) establishes a regulatory process for development of the Project; (b) provides that wholesale water supply to the Colony Districts will be provided by Aqua and wholesale wastewater treatment service to the Colony Districts will be provided by MUD No. 1A, in its capacity as the "Managing District" under the Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated effective April 14, 2008 (the "Original Shared Facility Agreement") and as the assignee of the Lower Colorado River Authority ("LCRA") under the Wastewater Treatment Facility Construction and Service Agreement dated September 21, 2004 (the "WWTP Agreement"); (c) specifies the purposes for which bonds may be issued by the Colony Districts; and (d) addresses the process by which the Colony Districts may be annexed by the City. In particular, with respect to annexation, the Consent Agreement provides that the City will not annex or dissolve any Colony District, in whole or in part, until (1)(i) at least ninety percent (90%) by dollar amount of the total water, wastewater, and drainage facilities for which bonds of the Colony District may be authorized ("requisite percentage of District facilities") have been constructed, and (ii) the Developer has been fully reimbursed by the applicable Colony District for such requisite percentage of District facilities in accordance with the rules of the Commission; or (2) the City has expressly assumed the obligation to reimburse the Developer for such facilities at the time of annexation as required by Section 43.075, Texas Local Government Code; or (3) at the expiration or termination of the Consent Agreement, as provided therein. The Consent Agreement further provides that, prior to annexing a Colony District, the Colony District must negotiate with the City the terms of a strategic partnership agreement as provided in Section 43.0751 of the Texas Local Government Code, under which the Colony District will, subject to voter approval, become a limited district that owns and maintains the parks and amenities located in the Colony District (to the extent that such facilities are owned by the Colony District and not by a homeowners' association), with the ability to enforce restrictive covenants. Under the Consent Agreement, each Colony District was required to agree that its requisite percentage of District facilities will be installed within seven years from the date of City approval of the first final plat covering land within that Colony District. If such installation of the requisite percentage of District facilities has not been accomplished within said seven-year period, the City, at its option, may annex the entire Colony District and revoke its approval for the installation of any further facilities and revoke its authorization for the issuance of the balance of the Colony District's unissued bonds; however, if the Colony District has begun construction of any facilities and that construction is in progress, in good faith, at the expiration of seven-years, the annexation of the Colony District, and the corresponding revocation of authority to issue bonds to finance these facilities, will be postponed until the construction is completed, the bonds issued, and the purchase of those facilities is accomplished. At any time following the installation of the requisite percentage of District facilities, the annexation process may be completed and the Colony District included within the corporate boundaries of the City subject to the terms and conditions of the strategic partnership agreement. The Colony District will be dissolved on the date and in the manner specified in the City ordinance completing such annexation, but in no event more than 90 days after the effective date of such annexation. Upon the dissolution of the Colony District, the City will, subject to the terms and conditions of the strategic partnership agreement, immediately succeed to all properties, powers, duties, assets, debts, liabilities, and obligations of the Colony District, including any bonds issued by the Colony District. The term of the Consent Agreement is for 25 years unless earlier terminated pursuant to the provisions thereof, and may be renewed for two successive 15-year periods.

The Consent Agreement governs, among other things, the development, operation, and annexation of and issuance of bonds by the District. The Consent Agreement additionally includes certain restrictive covenants and lot standards required by the City. Development within the District is subject to the subdivision code and other ordinances and regulations of the City that are applicable by virtue of the District being located within the City's extraterritorial jurisdiction. Pursuant to the Consent Agreement, the District is prohibited from constructing water, wastewater, or drainage facilities unless the plans and specifications for those facilities have been approved by the City and all other applicable governmental entities having jurisdiction. As a condition to receiving the City's approval of plat applications, reviews, and inspections, if applicable, submitted by the Developer, the Developer must comply with all applicable rules, regulations, and requirements of applicable entities having jurisdiction.

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THE DEVELOPER

GENERAL . . . In general, the activities of a 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 treatment, 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 any specific bond issue, 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 it owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of the developer to perform such activities in development of the property within the utility district may have a profound effect on the security for the bonds issued by a district.

DESCRIPTION OF DEVELOPER . . . The developer currently active within the District is Hunt Communities Bastrop, LLC, a Delaware limited liability company ("Hunt" or the "Developer") and an affiliate of Hunt Communities Group, Inc. The Developer is a single purpose entity created for the purpose of purchasing and developing land within The Colony master planned community. As of August 1, 2025, Hunt has completed the development of all developable land within the District (502 lots) and currently owns 177 vacant developed lots within the District.

DEVELOPMENT FINANCING . . . The Developer has a revolving line of credit with PlainsCapital Bank in the principal amount of $6,000,000 which is fully drawn, and is secured in part by reimbursements to be made to the Developer from the proceeds of bonds issued by the District. This credit line matures on July 9, 2026 and is expected to be extended and renewed in the second quarter of 2026.

HOMEBUILDERS WITHIN THE DISTRICT . . . Weekley Homes, Scott Felder Homes, Lennar Homes, Ashton Austin Homes, and Sitterle Homes are currently the active homebuilders within the District. Homes in the District range in price from approximately $309,000 to approximately $719,000 with square footages ranging from approximately 1,589 to 3,529.

AGRICULTURAL EXEMPTION . . . Certain undeveloped acreage within the District is subject to an agricultural exemption; however, the Developer's predecessor in interest executed an agreement, recorded in the real property records of Bastrop County, waiving the right to have such acreage classified as agricultural, open-space, or timberland for purposes of District taxes. This waiver agreement is a covenant encumbering and running with the land, and binding on purchasers of the land subject thereto. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

LOT-SALES CONTRACTS . . . The Developer has entered into lot sales contracts with each of the homebuilders within the District. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company. The sales contracts establish certain required lot purchases, typically on a quarterly basis. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit. According to the Developer, each of the builders is in compliance with their respective lot sale contracts.

THE SYSTEM

REGULATION . . . The water, wastewater, and storm drainage facilities, the purchase, acquisition, and construction of which are to be financed by the District with the proceeds of bonds 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 District's Engineer, the design of all such facilities has been approved by all governmental agencies which have jurisdiction over the District.

SHARED FACILITIES . . . Effective April 14, 2008, Forestar and the Colony Districts entered into the Original Shared Facility Agreement for purposes of coordinating the design, financing, construction, ownership, and operation of the shared water and wastewater capacity and facilities to serve the Project ("Shared Facilities") and allocating the capacity in and costs of such Shared Facilities. Forestar subsequently assigned to Hunt, and Hunt assumed, all of Forestar's right, title, and interest in and to the Original Shared Facility Agreement pursuant to an Assignment of Agreement Regarding Shared Water and Wastewater Capacity and Facilities for The Colony Districts and Consent dated effective as of December 30, 2016; and Hunt and the Colony Districts later amended the Original Shared Facility Agreement by a First Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for The Colony Districts dated effective as of July 26, 2021, followed by a Second Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for The Colony Districts dated effective as of November 19, 2024. The Original Shared Facility Agreement, as assigned and amended, is referred to herein collectively as the "Shared Facility Agreement." Under the Shared Facility Agreement, MUD No. 1A has been designated as the "Managing District" and is responsible for coordinating the planning, construction, and maintenance of the Shared Facilities and billing and collecting for the cost of operation and maintenance of the Shared Facilities and the provision of water supply and wastewater collection and disposal services in order to (a) fairly and equitably allocate the cost of the Shared Facilities and water supply and wastewater collection and disposal services; (b) allow the Colony Districts to benefit from the efficiencies and economies of scale that will result from regionalization; (c) avoid the unnecessary duplication of facilities; and (d) promote the orderly development of the land within the Project. Following acceptance, MUD No. 1A, as the Managing District, is required to operate and maintain the Shared Facilities and assess and collect charges for water supply and wastewater collection and disposal services provided to the Colony Districts through the Shared Facilities. MUD No. 1A, as the Managing District, will own, or have the right to acquire, the Shared Facilities, on behalf of the Colony Districts; but each Colony District is responsible for issuing bonds or otherwise financing its pro rata share of the capital costs of the Shared Facilities.

WATER SUPPLY . . . Wholesale water supply to the Colony Districts is provided by Aqua to MUD No. 1A pursuant to an Amended and Restated Large Volume Service – to Area Outside Aqua's CCN NO. 10294 Water Supply Agreement among Aqua, Hunt (as successor in interest to Forestar, the original developer party), and MUD No. 1A (as amended, the "Water Supply Contract"). Under the Water Supply Contract, Aqua has agreed to provide a maximum water supply of 300 gallons per minute to the Project at a point of delivery off of Sam Houston Drive on the west side of the Project, and a maximum water supply of 2,280 gallons per minute to the Project at a point of delivery on FM 969 on the east side of the Project. MUD No. 1A, in turn, is responsible for delivering the water obtained from Aqua to the Colony Districts and for collecting from the Colony Districts and remitting to Aqua all charges payable to Aqua under the Water Supply Contract pursuant to the Shared Facility Agreement. Under the Water Supply Contract, MUD No. 1A is required to collect or cause to be collected a contractual charge established by Aqua from each retail water utility customer within the Project prior to initiation of service to the customer and remit such fees to Aqua on a monthly basis. The current contractual capacity fee is $6,570 per living unit equivalent ("LUE"). Aqua also charges MUD No. 1A a system wide water rate comprised of a monthly base fee for all LUEs actually connected to the Colony Districts' water systems, a gallonage charge per 1,000 gallons of water delivered, and certain pass through regulatory fees. The current monthly base fee is $18.50 per LUE, and the current gallonage charge is $4.70 per 1,000 gallons of water delivered. Each Successor District is responsible for providing retail water service within its boundaries and for adopting rates and charges for same in accordance with applicable legal requirements.

The following shared water facilities serve the Colony Districts:

Facility	Existing Capacity	Criteria	District's % Share (ESFC Capacity)
Water Supply	3.7152 MGD	0.6 gpm/ESFC	4,300 ESFCs
Pressure Tanks	13,500 gal	20 gal/ESFC	675 ESFCs
Total Storage(a)	1,550,000 gal	200 gal/ESFC	7,750 ESFCs
Elevated Storage	1,200,000 gal	100 gal/ESFC	12,000 ESFCs
Booster Pumps	2,300 gpm	2.0 gpm/ESFC	1,150 ESFCs

(a) 1,200,000 gal elevated storage capacity in two tanks, plus 350,000 gal ground storage capacity.

WASTEWATER COLLECTION AND TREATMENT . . . Wholesale wastewater service is provided to the Colony Districts by MUD No. 1A. LCRA and Sabine, which was later merged with and into Forestar, previously entered into a Wastewater Treatment Facility Construction and Services Agreement dated effective as of September 21, 2004 (the "WWTP Agreement"), pursuant to which Forestar constructed a 0.1 MGD wastewater treatment plant (the "WWTP") on an approximately 11.69 acre site owned by Forestar (the "Plant Site") and LCRA obtained TPDES Permit No. 14427-001 (the "Permit") issued by the TCEQ. The WWTP Agreement contemplated that LCRA would acquire the WWTP from Forestar and use the WWTP to provide wholesale wastewater service to the Colony Districts. Forestar and the Colony Districts subsequently entered into the Shared Facilities Agreement, which contemplated that the Colony Districts would each collect certain sums from their customers in order pay LCRA for their pro rata shares of the capital costs of, and the operation and maintenance costs for, the WWTP. Due to changes in market conditions and other factors, LCRA subsequently transferred and assigned all of its rights and obligations under the WWTP Agreement and the Permit to the MUD No. 1A pursuant to an Agreement Regarding Transfer and Renewal of Discharge Permit and Lease of Treatment Plant and Treatment Plant Site to Serve the Colony Municipal Utility Districts No. 1A Through 1G dated effective as of July 14, 2008 and an Assignment, Release and Permit Transfer and Renewal Agreement dated effective as of August 20, 2008 (collectively, the "WWTP Transfer and Assignment Agreements"), which require the MUD No. 1A to operate and maintain the WWTP and utilize the WWTP to provide wholesale wastewater services to the Colony Districts under the Shared Facilities Agreement (the WWTP Agreement and the WWTP Transfer and Assignment Agreements being collectively referred to herein as the "Wastewater Contract"). Hunt subsequently purchased all of Forestar's remaining undeveloped land within the "Property" subject to the WWTP Agreement and, in connection therewith, Forestar assigned to Hunt, and Hunt assumed, all of Forestar's right, title, and interest in and to the Wastewater Contract pursuant to an Assignment of Wastewater Treatment Facility Construction and Services Agreement; Agreement Regarding Transfer and Renewal of Discharge Permit and Lease of Treatment Plant Site to Serve The Colony Municipal Utility Districts No. 1A Through 1G; and Assignment, Release and Permit Transfer and Renewal Agreement; and Consent Effective dated effective December 28, 2016. Hunt and the Colony Districts have since entered into a Memorandum of Understanding Regarding Wastewater Treatment Plant Expenses dated effective January 23, 2017 in order to provide additional detail of how expenses related to the WWTP incurred by the MUD No. 1A will be allocated among the Colony Districts. Each Successor District is responsible for providing retail wastewater service within its boundaries and for adopting rates and charges for same in accordance with applicable legal requirements.

The MUD No. 1A has recently completed the construction of an expansion to the WWTP, which provides 399,000 gallons per day of treatment capacity for all of the Colony Districts. The WWTP is currently operating at the permitted interim limit of 0.399

MGD, which is sufficient to serve 2,280 ESFCs. As of October 1, 2025, the WWTP was serving a total of 1,358 ESFCs in the Colony Districts. A third and final expansion to the WWTP is under design, which is expected to be sufficient to serve 5,142 ESFCs, which will be sufficient to serve the District and the other Colony Districts at ultimate build out.

Storm Water Drainage . . . The natural drainage patterns in the District flow in an easterly direction to the Colorado River. Storm water for the District is collected through an underground system of lines leading to detention ponds which eventually drain to the Colorado River.

100-Year Flood Plain and Storm Drainage Information . . . "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. According to the District's Engineer, there are no permanent acres of the District within the 100-year flood plain. No development has occurred or is expected to occur in the floodplain.

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. 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.

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FINANCIAL STATEMENT

TABLE 1 – OPERATING REVENUES AND EXPENSES STATEMENT. . . The following statement sets forth in condensed form the historical operations of the District based upon the District's audited financial reports for the fiscal years ended September 30, 2024, September 30, 2023 and September 30, 2022. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records. Reference is made to such statements for further and more complete information. Also see "APPENDIX A – Audited Financial Statements."

	Fiscal Year Ended September 30, 2024	2023	2022
Property Taxes/Penalties	$ 150,709	$ 107,119	$ 348
Service Account Revenues	317,696	142,856	44,361
System Connection/Inspection Fees	746,736	539,424	611,613
Other	18,137	12,785	8
Total Revenues	$ 1,233,278	$ 802,184	$ 656,330
Shared Facilities Charges	$ 307,724	$ 139,514	$ 107,677
Repairs and Maintenance	15,063	14,239	4,151
Operations/Management Fees	60,296	30,911	10,869
System Connection/Inspection Fees	636,973	460,328	520,822
Director Fees/Payroll Taxes	6,186	5,303	4,360
Legal Fees	27,750	29,035	16,255
Engineering Fees	6,305	42,637	35,155
Audit Fees	9,000	8,000	-
Bookkeeping Fees	21,462	16,450	11,600
Financial Advisor Fees	1,588	3,000	3,000
Tax Assessor/Collector Fees	1,123	2,408	22
Insurance	3,549	1,664	1,446
Other	9,462	4,418	3,270
Total Expenses	$ 1,106,481	$ 757,907	$ 718,627
Excess (Deficiency)	$ 126,797	$ 44,277	$ (62,297)
Developer Advances/(Other Uses)	$ (12,939)	$ -	$ 154,185
Beginning Fund Balance	$ (97,095)	$ (141,372)	$ (233,260)
Ending Fund Balance	$ 16,763	$ (97,095)	$ (141,372)

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TABLE 2 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt			The Bonds			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest[(a)]	Total	
2026	$ 95,000	$ 333,494	$ 428,494	$ -	$ 208,581	$ 208,581	$ 637,075
2027	170,000	327,319	497,319	-	239,138	239,138	736,456
2028	180,000	316,594	496,594	105,000	239,138	344,138	840,731
2029	190,000	304,894	494,894	110,000	233,625	343,625	838,519
2030	195,000	292,544	487,544	120,000	227,850	347,850	835,394
2031	210,000	279,869	489,869	125,000	221,550	346,550	836,419
2032	220,000	266,869	486,869	130,000	214,988	344,988	831,856
2033	235,000	255,944	490,944	140,000	208,163	348,163	839,106
2034	245,000	244,294	489,294	145,000	200,813	345,813	835,106
2035	260,000	232,119	492,119	155,000	193,200	348,200	840,319
2036	275,000	221,719	496,719	160,000	185,063	345,063	841,781
2037	290,000	210,719	500,719	170,000	176,663	346,663	847,381
2038	305,000	199,119	504,119	180,000	167,738	347,738	851,856
2039	320,000	186,919	506,919	185,000	158,288	343,288	850,206
2040	340,000	174,119	514,119	195,000	148,575	343,575	857,694
2041	360,000	160,519	520,519	205,000	138,338	343,338	863,856
2042	380,000	145,950	525,950	220,000	127,575	347,575	873,525
2043	400,000	130,575	530,575	230,000	116,025	346,025	876,600
2044	420,000	114,200	534,200	240,000	103,950	343,950	878,150
2045	445,000	97,013	542,013	255,000	91,350	346,350	888,363
2046	475,000	78,800	553,800	270,000	77,963	347,963	901,763
2047	495,000	59,363	554,363	280,000	63,788	343,788	898,150
2048	525,000	39,113	564,113	295,000	49,088	344,088	908,200
2049	200,000	17,638	217,638	310,000	33,600	343,600	561,238
2050	215,000	9,138	224,138	330,000	17,325	347,325	571,463
	$ 7,445,000	$ 4,698,838	$ 12,143,838	$ 4,555,000	$ 3,842,369	$ 8,397,369	$ 20,541,206

(a) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

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TABLE 3 – TAXABLE ASSESSED VALUE

2023 Certified Taxable Assessed Valuation	$	50,124,237	
2024 Certified Taxable Assessed Valuation	$	64,189,711	
2025 Certified Taxable Assessed Valuation	$	79,955,687	
Estimated Taxable Assessed Valuation (as of June 1, 2025)	$	120,010,000	(a)
Gross Debt Outstanding (after issuance of the Bonds)	$	12,000,000	(b)
Ratio of Net Direct Debt to 2025 Certified Taxable Assessed Valuation		15.01%	
Ratio of Net Direct Debt to Estimated Taxable Assessed Valuation (as of June 1, 2025)		10.00%	
2025 Tax Rates:			
Debt Service	$	0.6500	
Maintenance		0.2000	
Total	$	0.8500	(c)
General Fund Balance (as of August 18, 2025)	$	701,022	
Debt Service Fund Balance (as of August 18, 2025)	$	927,038	(d)
Capital Projects Fund Balance (as of August 18, 2025)	$	550,828	

Area of District: 190.585 Acres
Estimated Population as of August 1, 2025: 921[e]

(a) Preliminary Taxable Assessed Valuation as provided by BCAD for informational purposes only, representing the estimated net taxable value as of June 1, 2025. No taxes will be levied on this estimated valuation.
(b) Includes the Outstanding Bonds and the Bonds.
(c) The District adopted its 2025 tax rate at its September 15, 2025 Board meeting.
(d) Unaudited as of August 18, 2025. Does not include approximately twelve months of capitalized interest ($239,138) which is projected to be deposited into the Debt Service Fund from the proceeds of the Bonds at closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.
(e) Based upon 3.5 residents per completed and occupied single family home.

TABLE 4 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Water, Wastewater, & Drainage	11/3/2020	$ 87,420,000	$ 7,445,000	$ 4,555,000	$ 75,420,000
Park and Recreational Bonds	11/3/2020	15,000,000	-	-	15,000,000
Refunding Bonds	11/3/2020	153,630,000	-	-	153,630,000
Total		$ 256,050,000	$ 7,445,000	$ 4,555,000	$ 244,050,000

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC; (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 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; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the SEC that comply with SEC Rule 2a-7; and (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 or 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 (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

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

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 . . . On August 18, 2025, the District had $701,022 of general funds, $927,038 of debt service funds, and $550,828 of capital project funds, not including the approximately twelve months of capitalized interest to be deposited into the Debt Service Fund from proceeds of the Bonds. All funds are held at banks in checking accounts, money market accounts, or certificates of deposit or TexPool.

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 Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 8/31/2025
Bastrop County	$ 70,025,000	0.37%	$ 259,093
Bastrop ESD #1	-	0.53%	-
Bastrop Independent School District	550,366,725	0.55%	3,027,017
The District	12,000,000	100.00%	12,000,000 [(a)]
Total Direct and Overlapping Tax Supported Debt			$ 15,286,109
Ratio of Direct and Overlapping Tax Supported Debt to 2025 Certified TAV			19.12%

(a) Includes the Outstanding Bonds and the Bonds.

OVERLAPPING TAXES . . . Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties, and interest imposed on such property.

The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement"), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes.

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

	2025 Tax Rate Per $100 Assessed Valuation
Bastrop County	$ 0.3505
Bastrop County ESD #1	0.0795
Bastrop Independent School District	1.0679
Total Overlapping Tax Rate	$ 1.4979
The District	0.8500
Total Tax Rate	$ 2.3479

TAX DATA

TABLE 5 – TAX RATE AND COLLECTIONS

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.

Fiscal Year Ended 9/30	Tax Rate	Maintenance and Operation	Debt Service	Taxable Assessed Valuation[a]	Tax Levy	% Total Collections
2022	$ 0.8500	$ 0.8500	$ -	$ 40,914	$ 348	100.00%
2023	0.8500	0.8500	-	11,413,356	104,402	100.00%
2024	0.8500	0.4500	0.4000	50,124,237	426,056	100.00%
2025	0.8500	0.4500	0.4000	64,189,711	545,613	100.00%
2026	0.8500	0.2000	0.6500	79,955,687	679,623	N/A [b]

(a) Assessed Valuation reflects the certified value as reported by the Bastrop County Tax Assessor/Collector.
(b) In the process of collection.

TAX RATE LIMITATION . . . The District's tax rate for debt service on the Bonds is legally unlimited as to rate and amount. As shown above under "Table 3 – Taxable Assessed Value," the District adopted a 2025 Debt Service tax rate of $0.6500/$100 assessed valuation.

MAINTENANCE TAX . . . The Board has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing, and operating the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. At an election held on November 3, 2020, voters within the District authorized a maintenance tax not to exceed $1.00/$100 assessed valuation. As shown under "Table 3 – Taxable Assessed Value," the District adopted a 2025 maintenance and operation tax of $0.2000/$100 assessed valuation.
See "THE DISTRICT – General."

TABLE 6 – PRINCIPAL TAXPAYERS

The following list of principal taxpayers was provided by the Bastrop County Tax Assessor/Collector based on the 2025 tax roll of the District, which reflects ownership as of January 1 of each year shown.

Taxpayer	Taxable Assessed Value	% of 2025 Taxable Assessed Valuation
JLE Investments LP[b]	$ 5,018,407	6.28%
Millrose Properties Texas LLC	1,330,000	1.66%
Scott Felder Homes LLC[a]	1,288,853	1.61%
Weekley Homes LLC[a]	1,045,721	1.31%
Ashton Austin Residential LLC[a]	793,841	0.99%
Homeowner	624,610	0.78%
Homeowner	603,754	0.76%
Homeowner	585,007	0.73%
Homeowner	580,935	0.73%
Homeowner	579,644	0.72%
	$ 12,450,772	15.57%

(a) The designated taxpayer is in the homebuilding industry. See "THE DEVELOPER – Homebuilders Within the District" and "RISK FACTORS – Dependence Upon Principal Taxpayers."
(b) JLE Investments LP is a land banking entity for Scott Felder Homes, a homebuilder in the District.

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 Taxable Assessed Valuation and utilize tax rates adequate to service the District's total projected debt service requirements, including the Outstanding Bonds and the Bonds (at an estimated interest rate). No available debt service funds are reflected in these computations. See "RISK FACTORS – Factors Affecting Taxable Values and Tax Payments – Impact on District Tax Rates."

Projected Average Annual Debt Service Requirements on the Bonds (2026-2050)	$ 821,648
$1.0818 Tax Rate on 2025 Certified Taxable Assessed Valuation of $79,955,687 @ 95% collections	$ 821,713
Projected Maximum Annual Debt Service Requirements on the Bonds (2048)	$ 908,200
$1.1957 Tax Rate on 2025 Certified Taxable Assessed Valuation of $79,955,687 @ 95% collections	$ 908,229

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, and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water 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") specifies the taxing procedures of all political subdivisions of the State, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. BCAD has the responsibility for appraising property for all taxing units within Bastrop County, including the District. Such appraisal values are subject to review and change by the Bastrop Central Appraisal Review Board (the "Appraisal Review Board").

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . ***General***: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation if the exemption is adopted by the governing body of the political subdivision before July 1. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement: Bastrop County and the District may enter into tax abatement agreements with owners of real property within such zone. 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 personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment, and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods and goods-in-transit are not exempt from taxation by the District; however, pursuant to a resolution dated November 28, 2011, the District has elected to continue to tax goods in transit.

Temporary Exemption for Qualified Property Damaged by a Disaster: The Property Tax Code provides for 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. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the appraisal district is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

VALUATION OF PROPERTY FOR TAXATION . . . Generally, property in the District must be appraised by BCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives a special use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years.

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

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

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

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

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment, and the postponement of the delinquency date of taxes under certain circumstances.

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

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . . Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current tax 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 as "Developing Districts" (or "Other Districts"). The impact each classification has on the ability of a district to increase its total 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 in excess of 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 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 the Special Taxing Unit is the current tax year's debt service and contract tax rates plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts

Developed Districts that adopt a total tax rate in excess of 1.035 times the amount of the total tax rate 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 and any unused increments authorized by the Property Tax Code for the preceding tax year, 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 the Developed District is the current year's debt tax service rate, contract tax rate, and the operation and maintenance tax rate 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-approved tax rate"). An election is not required if the adopted tax rate is less than or equal to the voter-approved 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 or Other Districts

The qualified voters of these districts, upon the 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 rates plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District

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

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State 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 – Estimated Overlapping Debt Statement." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS –Tax Collections and Foreclosure Remedies."

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

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

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

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

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

TAX MATTERS

OPINION . . . On the Date of Initial Delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the District 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 to the District will rely upon (a) the District's federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the District is conditioned on compliance by the District with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the District 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. The 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 facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the IRS will commence an audit of the Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an 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 (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

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 Law, which is 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 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.

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

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CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its electronic municipal market access system. 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 6 and in APPENDIX A. The District will update and provide this information within six months after the end of each fiscal year. The District will file the updated information with 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 audited financial statements are completed within twelve months of the District's fiscal year end. If audited financial statements are not available within such twelve-month period, 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 as the District may be required to employ from time to time pursuant to state law or regulation

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

NOTICE OF CERTAIN EVENTS . . . The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, 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 obligated person, 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 for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term "Financial Obligation" is defined in the Bond Order to mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and 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 such 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 will also provide timely notice of any failure by the District to provide annual financial information in accordance with its agreement described above under "– Annual Reports."

AVAILABILITY OF INFORMATION FROM THE MSRB . . . The District has agreed to provide the foregoing information only to the MSRB. 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 and will be available to the public free of charge at www.emma.msrb.org.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The Bonds are the District's third issuance of bonded indebtedness. The District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc., Financial Advisor to the District, which firm was retained as Financial Advisor to the District in 2009. 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. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

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 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" – District's Engineer, "THE DEVELOPER" – Hunt Communities Bastrop, LLC; "THE SYSTEM" – District's Engineer; "FINANCIAL STATEMENT – Table 4 – Unlimited Tax Bonds Authorized But Unissued" – Records of the District ("Records"), "FINANCIAL STATEMENT" – Bastrop County Tax Assessor/Collector; "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement," – Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" and "Table 1 – Operating Revenues and Expenses Statement" – Audits, Records, and Tax Assessor/Collector; "THE DISTRICT – Management" – District Directors; "Table 2 – Pro-Forma Debt Service Requirements" – Financial Advisor; "THE BONDS," "LEGAL MATTERS," "TAXING PROCEDURES," "CONTINUING DISCLOSURE OF INFORMATION" (except in the subheading "Compliance with Prior Undertakings"), and "TAX MATTERS" – McCall, Parkhurst & Horton L.L.P.

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

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

Auditor: The District's financial statements for fiscal year ending September 30, 2024 were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2024 have been included as APPENDIX A in reliance upon such firm's authority in the field of accounting.

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

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

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

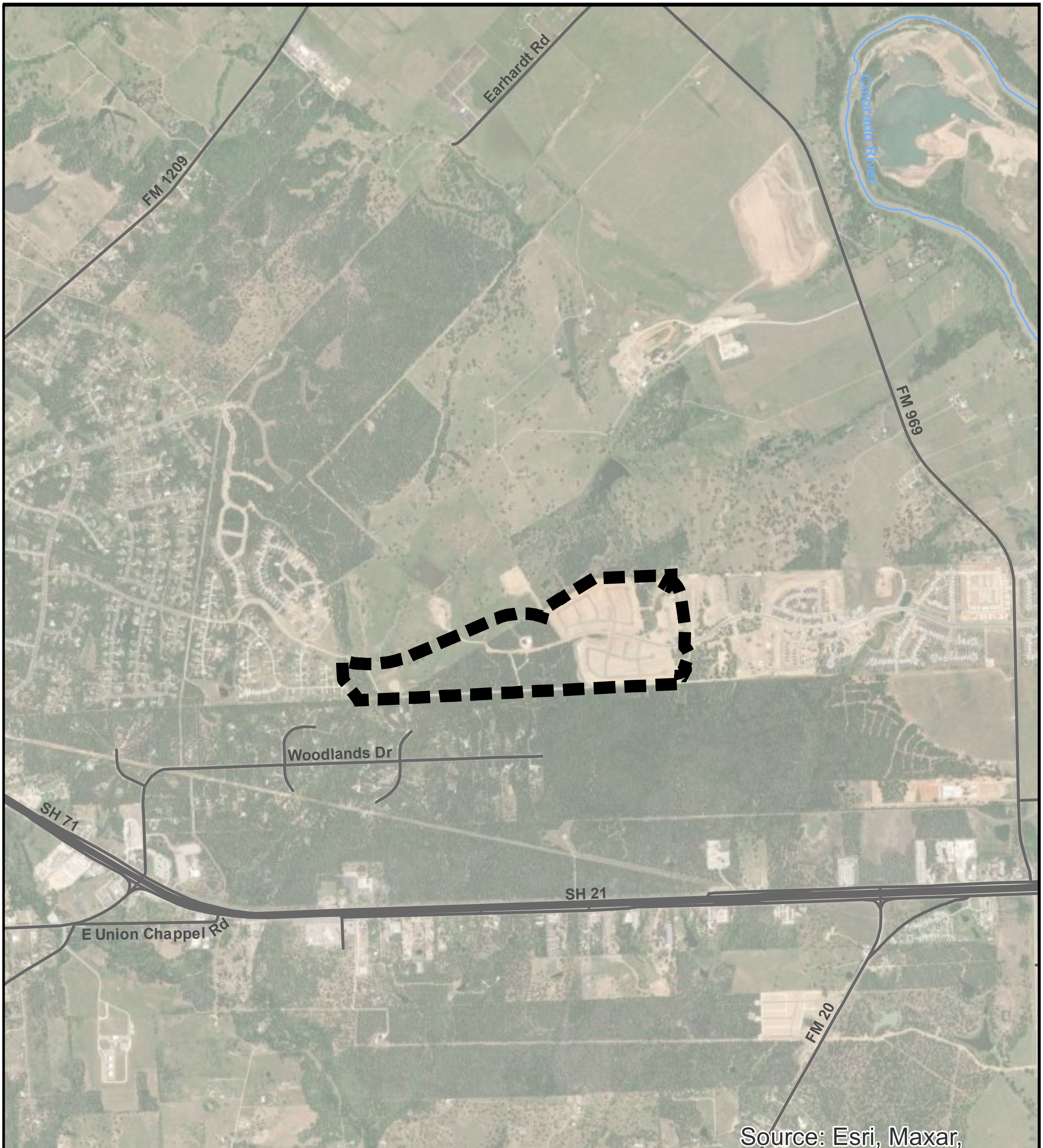
ANNUAL AUDITS . . . Under Texas law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of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

This Official Statement was approved by the Board of Directors of The Colony Municipal Utility District No. 1C, as of the date shown on the first page hereof.

____
President, Board of Directors
The Colony Municipal Utility District No. 1C

____
Assistant Secretary, Board of Directors
The Colony Municipal Utility District No. 1C

LOCATION MAP



Legend:

- District Boundary
- Major Roads
- County Border

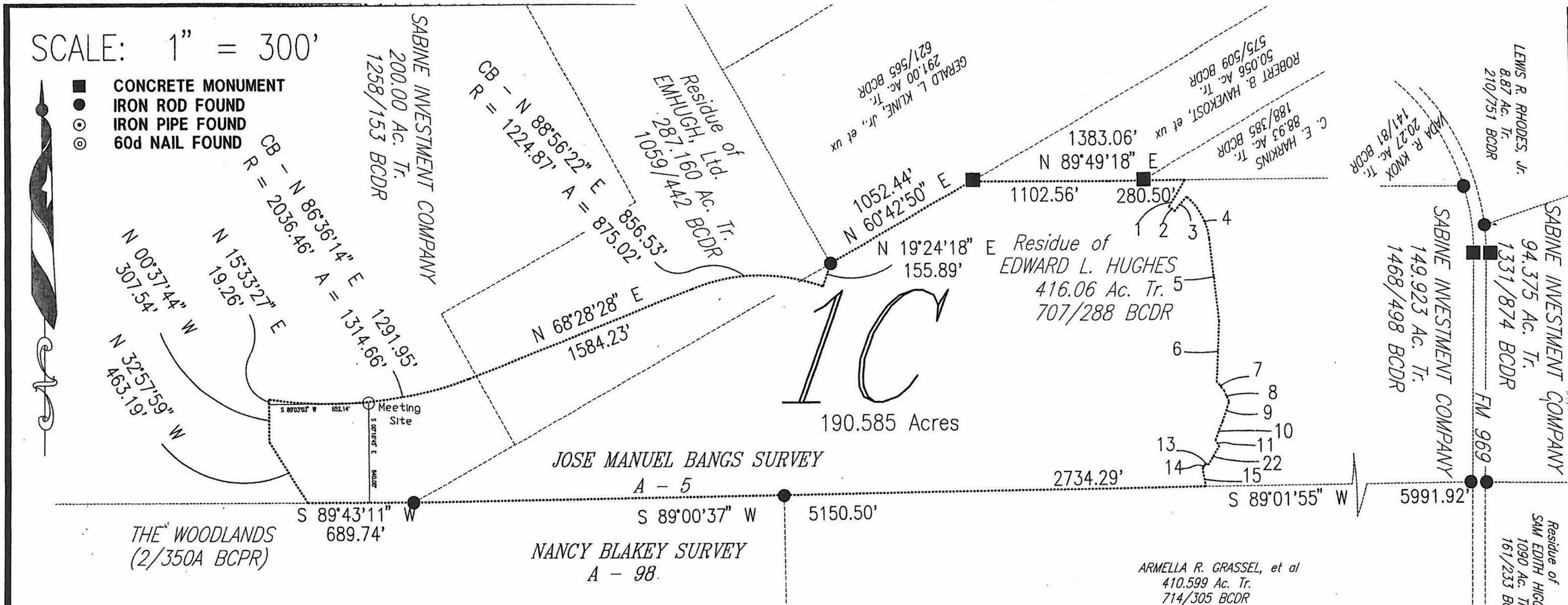
The Colony Municipal Utility District 1C
Detailed Location Map

Project Name:
The Colony MUD 1C
BI #1
Project Number:
0316-015
Date:
August 2023

N
W E
S

0 2,300 4,600
Feet

JONES - HEROY & ASSOCIATES, INC.
13915 N. Mopac Expy
Suite 408
Austin, Texas 78728
Office: (512) 989-2200
Fax: (512) 989-2213
TBPE Reg. Firm F-006320



BOARD OF DIRECTORS CERTIFICATION

We, the undersigned members of the Board of Directors of The Colony Municipal Utility District No. 1C , do hereby certify that this map is a complete and accurate map showing the boundaries of said District.

President

Vice President

Secretary

Assistant Secretary

Director

SURVEYOR'S CERTIFICATION

I, Dale L. Olson, a Registered Professional Land Surveyor, do hereby certify that this map accurately describes the boundaries of The Colony Municipal Utility District No. 1C and accurately depicts the location of the Meeting/Posting Site in the District.

WITNESS MY HAND AND SEAL this the 25th day of July, 2006.

Dale L. Olson
Registered Professional Land Surveyor No. 1753

STATE OF TEXAS
COUNTY OF BASTROP

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Rene Barrientos, Michael A. Prokop, Cynthia Sanders Cannon Neil R Gurwitz and ______ known to me to be the persons and officers whose names are subscribed above, and affirmed and acknowledged the statement subscribed to above and that they executed the same in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25th day of July, 2006.

(SEAL) ILYSE LERNER Notary Public State of Texas My Commission Expires September 08, 2009

Notary Public, State of Texas

1	S 31°48'52" W 199.63'
2	CB– S 53°45'46" E 46.42' R = 300.00' A = 46.47'
3	N 40°39'34" E 120.00'
4	CB– S 27°51'52" E 307.54' R = 420.00' A = 314.86'
5	S 06°23'18" E 530.69'
6	S 02°45'16" W 388.94'
7	S 41°23'54" E 70.00'
8	S 22°44'53" E 83.09'
9	S 19°09'36" W 132.96'
10	S 22°04'51" W 124.68'
11	S 29°42'34" E 48.09'
12	S 31°32'53" W 136.97'
13	N 89°12'56" W 24.83'
14	CB–S 27°58'22" W 30.35' R = 50.00' A = 30.84'
15	S 10°49'43" E 115.18'

PHOTOGRAPHS

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


Tyvek


Tyvek
Tyvek


Tyvek


Tyvek


Tyvek
798


Tyvek

APPENDIX A

Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of The Colony Municipal Utility District No. 1C for the fiscal year ended September 30, 2024. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund	*Mike M. McCall*
Noel W. Barfoot	*(retired)*
Joseph Ellis	*Debbie Gibson*
Ashlee Martin	*(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Colony Municipal
Utility District No. 1C
Bastrop County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Colony Municipal Utility District No. 1C (the "District") as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
The Colony Municipal
Utility District No. 1C

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

January 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of The Colony Municipal Utility District No. 1C (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2024. Since this information is designed to focus on the 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 nonspendable and unassigned fund balance was $16,763. During the current fiscal year, the fund balance increased by $113,858 from the previous fiscal year. General Fund revenues were $1,233,278, expenditures were $1,106,481 and other financing uses were $12,939 for the current fiscal year.
- *Debt Service Fund*: The Debt Service Fund reported revenues of $149,152, expenditures of $62,049 and other financing sources of $381,344 resulting in an increase of $468,447 in the current fiscal year.
- *Capital Projects Fund*: Fund balance increased to $370,655 during the fiscal year ended September 30, 2024. The District issued $4,430,000 of Series 2024 unlimited tax bonds and used proceeds to purchase $2,802,743 of infrastructure, pay $349,575 of developer interest and $514,871 of bond related expenditures.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had expenses net of revenues of $785,506. Net position decreased from a deficit balance of $333,158 to a deficit balance of $1,118,664.

OVERVIEW OF THE DISTRICT

The District is a political subdivision of the State of Texas, created by division of The Colony Municipal Utility District No. 1 (the "Original District"), a municipal utility district created pursuant to H.B. 3636, Acts of the 78th Legislative Session (2003). The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District has approximately 190.585 acres located within its boundaries and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is located entirely within the extraterritorial jurisdiction of the City of Bastrop and entirely within Bastrop County, Texas. The District and the other municipal utility districts resulting from the division of the Original District (including The Colony Municipal Utility District No. 1A, The Colony Municipal Utility District No. 1B, The Colony Municipal Utility District No. 1D, The Colony Municipal Utility District No. 1E, The Colony Municipal Utility District No. 1F, and The Colony Municipal Utility District No. 1G) (collectively the "Participating Districts") were created to provide water, wastewater, and storm drainage facilities to approximately 1,491 acres located within Bastrop County. The Participating Districts and Forestar (USA) Real Estate Group Inc. (the "Previous Developer") entered into an Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated effective April 14, 2008, as amended by a

OVERVIEW OF THE DISTRICT (Continued)

First Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated July 26, 2021 and Second Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated effective February 26, 2024, which designates The Colony Municipal Utility District No. 1A as the Managing District and provides the terms and conditions upon which the Managing District coordinates the design, construction, ownership, operation, and maintenance of the shared water and wastewater capacity and facilities that serve the Participating Districts.

Effective December 30, 2016, the Colony development project was purchased from the Previous Developer by Hunt Communities Bastrop, LLC (the "Current Developer") and, in connection therewith, all rights and obligations of the Previous Developer in and to the agreements previously entered into between the Participating Districts and the Previous Developer were assigned by the Previous Developer to the Current Developer.

USING THIS ANNUAL REPORT

This annual report consists of five parts:

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

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 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") 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 Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "Governmental Funds") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 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
	2024	2023	Increase (Decrease)
Current and other assets	$ 1,569,342	$ 791,507	$ 777,835
Capital assets	2,845,739	578,664	2,267,075
Total Assets	4,415,081	1,370,171	3,044,910
Current Liabilities	736,242	888,602	(152,360)
Long-term Liabilities	4,797,503	814,727	3,982,776
Total Liabilities	5,533,745	1,703,329	3,830,416
Net Investment in Capital Assets	(1,402,577)	(57,531)	(1,345,046)
Restricted	444,934	-	444,934
Unrestricted	(161,021)	(275,627)	114,606
Total Net Position	$ (1,118,664)	$ (333,158)	$ (785,506)

The District's net position decreased from $333,158 in the previous fiscal year to a deficit balance of $1,118,664 in the current fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change
	2024	2023	Increase (Decrease)
Property Taxes	$ 286,085	$ 107,119	$ 178,966
Service revenues	317,696	142,856	174,840
System connection/inspection fees	746,736	539,424	207,312
Other	41,797	12,785	29,012
Total Revenues	1,392,314	802,184	590,130
District operations	1,026,242	658,785	367,457
Professional fees	67,517	99,122	(31,605)
Creation costs	22,672	-	22,672
Developer interest	349,575	-	349,575
Other	66,706	12,724	53,982
Other financing uses	12,939	-	12,939
Debt service	597,557	-	597,557
Depreciation	34,612	-	34,612
Total Expenses	2,177,820	770,631	1,407,189
Change in Net Position	(785,506)	31,553	(817,059)
Beginning Net Position	(333,158)	(364,711)	31,553
Ending Net Position	$ (1,118,664)	$ (333,158)	$ (785,506)

Revenues were $1,392,314 for the fiscal year ended September 30, 2024 while expenses were $2,177,820. Net position decreased by $785,506.

The District's primary revenue sources are property taxes, service revenues and system connection and inspection fees.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2024	2023	2022
Cash/cash equivalent investments	$ 1,324,256	$ 729,857	$ 568,957
Receivables/Prepaids	251,872	61,650	94,430
Total Assets	$ 1,576,128	$ 791,507	$ 663,387
Accounts payable	45,215	24,974	17,390
Accrued costs and other	673,635	863,628	787,369
Total Liabilities	718,850	888,602	804,759
Deferred Inflows of Resources	1,413	-	-
Nonspendable	231	370	-
Restricted	839,102	-	-
Unassigned	16,532	(97,465)	(141,372)
Total Fund Balances	855,865	(97,095)	(141,372)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,576,128	$ 791,507	$ 663,387

For the fiscal year ended September 30, 2024, the District's governmental funds reflect a fund balance of $855,865. This fund balance reflects an increase of $952,960 from the previous year.

The General Fund reported revenues of $1,233,278, expenditures of $1,106,481 and other financing use of $12,939 resulting in an increase of $113,858 in the current fiscal year.

The Debt Service Fund reported revenues of $149,152, expenditures of $62,049 and other financing sources of $381,344 resulting in an increase of $468,447 in the current fiscal year.

The Capital Projects Fund balance increased to $370,655 during the fiscal year ended September 30, 2024. The District issued $4,430,000 of Series 2024 unlimited tax bonds and used proceeds to purchase $2,802,743 of infrastructure, pay $349,575 of developer interest and $514,871 of bond related expenditures.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating costs of the District and joint facilities. On September 25, 2023, the Board of Directors adopted a budget that included revenues of $896,202 as compared to expenditures of $912,779. When comparing actual to budget, the District had a positive variance of $70,435. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities have invested $2,845,739 in infrastructure as of September 30, 2024. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2024	9/30/2023
Capital Assets:		
Land	$ 112,848	$ -
Shared Facilities	1,303,851	636,194
Water/wastewater/drainage	1,521,182	-
Less: Accumulated Depreciation	(92,142)	(57,530)
Total Net Capital Assets	$ 2,845,739	$ 578,664

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

LONG-TERM DEBT

As of September 30, 2024, the District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2024	$ 4,430,000
Total	$ 4,430,000

As of September 30, 2024, the District owes approximately $4.4 million to bond holders. As of September 30, 2024, the ratio of the District's long term debt to the total 2023 taxable assessed valuation ($33,534,067) is 13.2%. The District's population as provided by the District, as of September 30, 2024, was 489. 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 2024 tax year (September 30, 2025 fiscal year) is approximately $65 million and the tax rate levied was $0.85 per $100 of assessed valuation. Approximately 47% of the property tax will fund general operating and maintenance costs and 53% will fund debt service costs on future bonded debt.

The adopted budget for fiscal year 2025 projects a General Fund fund balance increase of $114,812.

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

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash on deposit	$ 109,378	$ -	$ -	$ 109,378	$ -	$ 109,378
Cash equivalent investments	359,692	484,416	370,770	1,214,878	-	1,214,878
Receivables:						
Service accounts, net of allowance of $-0-	241,677	-	-	241,677	-	241,677
Property taxes	748	665	-	1,413	-	1,413
Interfund	6,786	-	-	6,786	(6,786)	-
Other	1,765	-	-	1,765	-	1,765
Prepaid costs	231	-	-	231	-	231
Capital assets, net of accumulated depreciation:						
Land	-	-	-	-	112,848	112,848
Shared facilities	-	-	-	-	1,226,921	1,226,921
Water/wastewater/drainage	-	-	-	-	1,505,970	1,505,970
TOTAL ASSETS	$ 720,277	$ 485,081	$ 370,770	$ 1,576,128	2,838,953	4,415,081
LIABILITIES						
Accounts payable	$ 35,917	$ 9,298	$ -	$ 45,215	-	45,215
Accrued costs	120,060	-	-	120,060	-	120,060
Accrued interest payable	-	-	-	-	24,178	24,178
Unearned revenue	1,220	-	-	1,220	-	1,220
Refundable deposits	26,900	-	-	26,900	-	26,900
Interfund payable	-	6,671	115	6,786	(6,786)	-
Intergovernmental payable	518,669	-	-	518,669	-	518,669
Due to developer	-	-	-	-	313,671	313,671
Bonds payable -						
Due after one year	-	-	-	-	4,483,832	4,483,832
TOTAL LIABILITIES	702,766	15,969	115	718,850	4,814,895	5,533,745
DEFERRED INFLOWS OF RESOURCES						
Property taxes	748	665	-	1,413	(1,413)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	748	665	-	1,413	(1,413)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable	231	-	-	231	(231)	-
Restricted for Debt Service	-	468,447	-	468,447	(468,447)	-
Restricted for Capital Projects		-	370,655	370,655	(370,655)	-
Unassigned	16,532	-	-	16,532	(16,532)	-
TOTAL FUND BALANCES	16,763	468,447	370,655	855,865	(855,865)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 720,277	$ 485,081	$ 370,770	$ 1,576,128		
Net position:						
Net investment in capital assets					(1,402,577)	(1,402,577)
Restricted for debt service					444,934	444,934
Unrestricted					(161,021)	(161,021)
TOTAL NET POSITION					$ (1,118,664)	$ (1,118,664)

The accompanying notes are an integral part of this statement.

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 150,709	$ 133,963	$ -	$ 284,672	$ 1,413	$ 286,085
Service revenues	317,696	-	-	317,696	-	317,696
System connection/inspection fees	746,736	-	-	746,736	-	746,736
Other	18,137	15,189	8,471	41,797	-	41,797
TOTAL REVENUES	1,233,278	149,152	8,471	1,390,901	1,413	1,392,314
EXPENDITURES / EXPENSES:						
Current:						
Shared facility expenses	307,724	-	-	307,724	-	307,724
Repair and maintenance	15,063	-	-	15,063	-	15,063
Operations and management	60,296	-	-	60,296	-	60,296
System connection/inspection fees	636,973	-	-	636,973	-	636,973
Director fees, including payroll taxes	6,186	-	-	6,186	-	6,186
Legal fees	27,750	-	-	27,750	-	27,750
Engineering fees	6,305	-	-	6,305	-	6,305
Bookkeeping fees	21,462	-	-	21,462	-	21,462
Audit fees	9,000	-	-	9,000	-	9,000
Financial advisor fees	1,588	1,412	-	3,000	-	3,000
Insurance	3,549	-	-	3,549	-	3,549
Appraisal/tax collection fees	1,123	998	-	2,121	-	2,121
Bank fees	5,223	-	-	5,223	-	5,223
Public notice	3,000	-	-	3,000	-	3,000
Creation costs	-	-	22,672	22,672	-	22,672
Developer interest	-	-	349,575	349,575	-	349,575
Other	1,239	-	51,574	52,813	-	52,813
Debt Service:						
Bond interest	-	59,639	-	59,639	23,047	82,686
Bond issuance costs	-	-	514,871	514,871	-	514,871
Capital outlay	-	-	2,802,743	2,802,743	(2,802,743)	-
Depreciation	-	-	-	-	34,612	34,612
TOTAL EXPENDITURES / EXPENSES	1,106,481	62,049	3,741,435	4,909,965	(2,745,084)	2,164,881
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	126,797	87,103	(3,732,964)	(3,519,064)	2,746,497	(772,567)
OTHER FINANCING SOURCES (USES):						
Bond proceeds	-	381,344	4,048,656	4,430,000	(4,430,000)	-
Bond discount	-	-	(57,443)	(57,443)	57,443	-
Bond premium	-	-	112,406	112,406	(112,406)	-
Intergovernmental contributions	(12,939)	-	-	(12,939)	-	(12,939)
TOTAL OTHER FINANCING SOURCES (USES)	(12,939)	381,344	4,103,619	4,472,024	(4,484,963)	(12,939)
NET CHANGE IN FUND BALANCES	113,858	468,447	370,655	952,960	(952,960)	-
CHANGE IN NET POSITION					(785,506)	(785,506)
FUND BALANCES / NET POSITION:						
Beginning of the year	(97,095)	-	-	(97,095)	(236,063)	(333,158)
End of the year	$ 16,763	$ 468,447	$ 370,655	$ 855,865	$ (1,974,529)	$ (1,118,664)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of The Colony Municipal Utility District No. 1C (the "District") relating to the fund included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* ("GASB"), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity **-** The District is a political subdivision of the State of Texas, created by division of The Colony Municipal Utility District No. 1 (the "Original District"), a municipal utility district created pursuant to H.B. 3636, Acts of the 78th Legislative Session (2003). The Original District held a division election on February 5, 2005, whereby the division of the Original District into seven resulting districts (the District, The Colony Municipal Utility District No. 1A, The Colony Municipal Utility District No. 1B, The Colony Municipal Utility District No. 1D, The Colony Municipal Utility District No. 1E, The Colony Municipal Utility District No. 1F, and The Colony Municipal Utility District No. 1G) was approved by duly qualified voters. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District's reporting entity.

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

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

- **Government-wide Statements:** The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, 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 the District's funds are 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, service revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

Basis of Accounting

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

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the 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 fund balances. 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 unearned revenue on its balance sheet. Unearned revenues 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, revenue is recognized.

Budgets and Budgetary Accounting **–** An unappropriated budget was adopted on September 25, 2023, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current fiscal year.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued) –**

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

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

Capital Assets – Capital assets, which include water, wastewater and drainage systems, are reported in the government-wide column in the Statement of Net Position. Public domain capital assets ("infrastructure") 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 their estimated acquisition value at the time received. In accordance with GASB Statement No. 89, 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	50

As of September 30, 2024, the District's capital assets consist of District and shared facilities. Shared facilities are owned, operated and maintained by the Managing District. The Participating Districts share in the costs of these facilities in return for the right to receive service from the District. Allocation of costs is based on each Participating District's percentage of capacity as detailed out in the Shared Facilities Agreement (see Note 7).

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.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued) –**

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 - Governmental Funds		$ 855,865
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	2,937,881	
Less: Accumulated depreciation	(92,142)	2,845,739
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available.		1,413
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(4,430,000)	
Accrued interest payable	(24,178)	
Bond issuance discount/premium, net	(53,832)	
Due to developer	(313,671)	(4,821,681)
Net position of governmental activities		$ (1,118,664)

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	$ 952,960
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report:	
Interest expense in year accrued	(23,047)
Capital outlay in year paid	2,802,743
Bond sale, net, in year received	(4,484,963)
Property tax revenue in year received	1,413
Governmental funds do not report -	
Depreciation	(34,612)
Change in net position of governmental activities	$ (785,506)

3. CASH AND CASH EQUIVALENT 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; and securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2024, the carrying amount of the District's deposits was $109,378 and the bank balance was $119,001. The bank balance was covered by federal depository insurance.

Cash Equivalent Investments -

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

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

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

- Obligations of the United States government and/or its agencies and instrumentalities;

- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;

- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;

- Securities issued by a state or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and

- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) –

Cash Equivalent Investments (continued) –

At September 30, 2024, the District held the following investments:

		General Fund	Debt Service	Capital Projects	Investment Rating	
Investment	Fair Value at 9/30/2024	Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
TexPool	$ 1,214,878	$ 359,692	$ 484,416	$ 370,770	AAAm	Standard & Poors
	$ 1,214,878	$ 359,692	$ 484,416	$ 370,770		

(1) Restricted for Payment of Debt Service and Cost of Assessing and Collecting Taxes.

(2) 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 investment 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, 2024, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of September 30, 2024, the District's bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Bastrop Central Appraisal District establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Bastrop County Tax Collector bills and collects the District's property taxes. The Board of Directors set the 2023 tax rate on September 25, 2023.

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 2023 tax roll. The tax rate, based on total taxable assessed valuation of $33,534,067, was $0.85 on each $100 valuation and was allocated $0.45 to the General Fund and $0.40 to the Debt Service Fund. The maximum allowable maintenance tax of $1.00 per $100 of assessed valuation of taxable property within the District was established by the voters at an election held on November 16, 2020. Property taxes of $748 to the General Fund and $665 to the Debt Service Fund were receivable at September 30, 2024.

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Capital assets not being depreciated - Land and easements	$ -	$ 112,848	$ -	$ 112,848
Capital assets being depreciated:				
Shared Facilities	636,194	667,657	-	1,303,851
Water/Wastewater/Drainage Facilities	-	1,521,182	-	1,521,182
Total capital assets being depreciated	636,194	2,188,839	-	2,825,033
Less accumulated depreciation for:				
Shared Facilities	(57,530)	(19,400)	-	(76,930)
Water/Wastewater/Drainage Facilities	-	(15,212)	-	(15,212)
Total accumulated depreciation	(57,530)	(34,612)	-	(92,142)
Total capital assets being depreciated, net of accumulated depreciation	$ 578,664	$ 2,154,227	$ -	$ 2,732,891
Total capital assets, net	$ 578,664	$ 2,267,075	$ -	$ 2,845,739

6. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2024:

	Unlimited Tax Bonds
Bonds payable at October 1, 2023	$ -
Bonds issued	4,430,000
Bonds retired	-
Bond premium/discount, net	53,832
Bonds payable at September 30, 2024	$ 4,483,832

Bonds payable at September 30, 2024, were comprised of the following individual issues:

Unlimited Tax Bonds:

$4,430,000 – 2024 Unlimited Tax Bonds payable serially through the year 2048 at interest rates which range from 4.00% to 6.50%. Bonds maturing on or after August 15, 2030 are callable prior to maturity beginning August 15, 2029, or any date thereafter. Bonds maturing August 15, 2042 are term bonds and are subject to mandatory sinking fund redemption.

6. BONDED DEBT (Continued) –

The annual requirements to amortize all bonded debt at September 30, 2024, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series: Principal	Interest	Total
2025	$ -	$ 193,425	$ 193,425
2026	95,000	193,425	288,425
2027	105,000	187,250	292,250
2028	110,000	180,425	290,425
2029	115,000	173,275	288,275
2030-2034	680,000	757,800	1,437,800
2035-2039	900,000	597,000	1,497,000
2040-2044	1,195,000	394,400	1,589,400
2045-2048	1,230,000	126,600	1,356,600
	$ 4,430,000	$ 2,803,600	$ 7,233,600

Bonds authorized but not issued as of September 30, 2024, are as follows:

Type	Amount
Unlimited Tax Bonds	$ 82,990,000
Refunding Bonds	$ 153,630,000
Park and Recreational Facilities	$ 15,000,000

$468,447 is available in the Debt Service Fund to service the bonded debt.

The existing outstanding bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

7. SHARED FACILITIES AGREEMENT

The District has entered into an Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated effective April 14, 2008, as amended by a First Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated July 26, 2021 and Second Amendment to Agreement Regarding Shared Water and Wastewater Capacity and Facilities for the Colony Districts dated effective February 26, 2024 (as amended, the "Shared Facilities Agreement") between the District, The Colony Municipal Utility District No. 1A, The Colony Municipal Utility District No. 1B, The Colony Municipal Utility District No. 1D, The Colony Municipal Utility District No. 1E, The Colony Municipal Utility District No. 1F, and The Colony Municipal Utility District No. 1G (referred to collectively as the "Participating Districts") and Forestar (USA) Real Estate Group Inc. (the "Previous Developer"). Effective December 30, 2016, the Colony development project was purchased from the Previous Developer by Hunt Communities Bastrop, LLC (the "Current Developer") and, in connection therewith, all rights and obligations of the Previous Developer in and to the agreements previously entered into between the Participating Districts and the Previous Developer were assigned by the Previous Developer to the Current Developer. Under the Shared Facilities Agreement, the Participating Districts have designated The Colony Municipal Utility District No. 1A as the Managing District for the purpose of coordinating the design, construction, ownership, operation, and maintenance of the shared water and wastewater capacity and facilities that serve the Participating Districts.

Pursuant to the terms of this Shared Facilities Agreement, the Managing District collects, or causes to be collected, certain contractual capacity charges for water and wastewater. The contractual capacity charges for water are subsequently remitted to the wholesale water provider. The contractual capacity charges for wastewater are held for purposes of reimbursing the Current Developer for certain capital costs associated with the construction of a wastewater treatment plant serving the Participating Districts. During the year ended September 30, 2024, the District remitted $472,410 of collected wastewater capacity charges and $12,939 of related interest to the Managing District who is responsible for reimbursing the Current Developer with these funds in line with the Shared Facilities Agreement. Additionally, certain operation and maintenance expenses of the shared facilities are allocated to the Participating Districts based upon allocated capacity as defined in the Shared Facilities Agreement. Currently, the District's allocated capacity is 517 service unit equivalents, which equals 12.50% of the total service unit equivalents allocated to the Participating Districts.

8. COMMITMENTS AND CONTINGENCIES

The Previous and Current Developers of the land within the District have incurred costs related to construction of facilities. Such costs may be reimbursable to the Current Developer (as assigned by the Previous Developer) by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality (the "Commission"). At September 30, 2024, the District has recorded a liability due to the Current Developer of $313,671, of which $178,532 pertains to operating advances and $135,139 pertains to advances used to fund infrastructure improvements. These advances, plus interest, may be eligible for reimbursement from the proceeds of future bond issues in accordance with the rules of the Commission.

9. RISK MANAGEMENT

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

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

10. INTERFUND ACCOUNTS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at September 30, 2024:

	Interfund	
	Receivable	**Payable**
General Fund:		
Debt Service Fund	$ 6,671	$ -
Capital Projects Fund	115	-
Debt Service Fund -		
General Fund	-	6,671
Capital Projects Fund -		
General Fund	-	115
	$ 6,786	$ 6,786

11. SUBSEQUENT EVENT

On January 27, 2025, the District expects to sell $3,015,000 of Series 2025 Unlimited Tax Bonds. Proceeds of the bonds will be used to reimburse the Current Developer for water, wastewater and drainage infrastructure and operating costs and to pay developer interest, pay future interest costs and bond issue costs.

REQUIRED SUPPLEMENTARY INFORMATION

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2024

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	$ 150,709	$ 161,502	$ (10,793)
Service revenues	317,696	116,900	200,796
System connection/inspection fees	746,736	608,800	137,936
Other	18,137	9,000	9,137
TOTAL REVENUES	1,233,278	896,202	337,076
EXPENDITURES:			
Current:			
Shared facilities expenses	307,724	173,037	(134,687)
Repair and maintenance	15,063	37,332	22,269
Operations and management	60,296	46,320	(13,976)
System connection/inspection fees	636,973	520,800	(116,173)
Director fees, including payroll taxes	6,186	18,890	12,704
Legal fees	27,750	30,000	2,250
Engineering fees	6,305	42,000	35,695
Bookkeeping fees	21,462	23,500	2,038
Audit fees	9,000	10,000	1,000
Financial advisor fees	1,588	1,750	162
Insurance	3,549	2,400	(1,149)
Appraisal/tax collection fees	1,123	3,250	2,127
Bank fees	5,223	1,850	(3,373)
Public notice	3,000	1,000	(2,000)
Other	1,239	650	(589)
TOTAL EXPENDITURES	1,106,481	912,779	(193,702)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	126,797	(16,577)	143,374
OTHER FINANCING SOURCES (USES):			
Intergovernmental contributions	(12,939)	-	(12,939)
Developer advance	-	60,000	(60,000)
TOTAL OTHER FINANCING SOURCES (USES)	(12,939)	60,000	(72,939)
NET CHANGE IN FUND BALANCE	113,858	$ 43,423	$ 70,435
FUND BALANCE:			
Beginning of the year	(97,095)		
End of the year	$ 16,763		

The accompanying notes are an integral part of this statement.

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.*]

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C
UNLIMITED TAX BONDS, SERIES 2025A
IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,555,000

AS BOND COUNSEL FOR THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1C (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on October 20, 2025* authorizing the issuance of the Bonds (the "Order").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the 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.

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*Preliminary, subject to change

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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,