

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 16, 2026**

**This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.**

*In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.*

THE BONDS WILL BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

**NEW ISSUE - Book-Entry-Only**

**\$3,225,000**

**LIBERTY COUNTY MUNICIPAL UTILITY DISTRICT NO. 9**

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

**UNLIMITED TAX ROAD BONDS, SERIES 2026**

**Dated: March 1, 2026**

**Due: September 1, as shown below**

The bonds described above (the "Bonds") are obligations solely of Liberty County Municipal Utility District No. 9 (the "District") and are not obligations of the State of Texas, Liberty County, the City of Dayton, the TIRZ (herein defined), or any entity other than the District.

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, N.A., (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds will accrue from March 1, 2026, and be payable on September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS**

Due Sept. 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due Sept. 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2027	\$ 65,000				2040	\$ 125,000	(d)		
2028	65,000				2041	135,000	(d)		
2029	70,000				2042	140,000	(d)		
2030	75,000				2043	150,000	(d)		
2031	80,000				2044	155,000	(d)		
2032	85,000	(d)			2045	165,000	(d)		
2033	85,000	(d)			2046	175,000	(d)		
2034	90,000	(d)			2047	185,000	(d)		
2035	95,000	(d)			2048	195,000	(d)		
2036	100,000	(d)			2049	205,000	(d)		
2037	105,000	(d)			2050	215,000	(d)		
2038	115,000	(d)			2051	230,000	(d)		
2039	120,000	(d)							

- (a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from March 1, 2026, is to be added to the price.
- (c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (d) Bonds maturing on and after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS-Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Liberty County Municipal Utility District No. 9 (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 located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Liberty County, the City of Dayton, the TIRZ (defined herein), or any entity other than the District. The Bonds are subject to special risks factors described herein. See "RISK FACTORS."

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 Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about March 26, 2026.

**Bids Due: Thursday, February 26, 2026, at 10:00 A.M., Houston Time in Houston, Texas**

**Bid Award: Thursday, February 26, 2026, at 11:00 A.M., Houston Time in Houston, Texas**

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## USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of duplication costs.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

## OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

### THE FINANCING

*The Issuer* ..... Liberty County Municipal Utility District No. 9 (the “District”), a political subdivision of the State of Texas, is located in Liberty County, Texas and within the City of Dayton (the “City”). See “THE DISTRICT.”

*The Issue* ..... \$3,225,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors and a City consent resolution authorizing issuance. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from March 1, 2026, and is payable on September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”

*Redemption* ..... The Bonds maturing on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2031, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS—Redemption Provisions.”

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

*Authority for Issuance* ..... The Bonds are the first series of bonds issued out of an aggregate of \$87,000,000 principal amount of unlimited tax bonds authorized by the District’s voters on May 6, 2023 for the purpose of acquiring or constructing road facilities. The Bonds are issued by the District pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), a City consent resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance.”

*Source of Payment* ..... Principal of and interest on the Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Liberty County, the City, the TIRZ (as defined herein) or any entity other than the District. See “THE BONDS — Source of and Security of Payment.”

*Use of Proceeds* ..... Proceeds from the sale of the Bonds will be used to pay for items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” including to capitalize eighteen (18) months of interest of the Bonds, to pay for developer interest, and to pay certain other costs and fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

#### *Qualified Tax-Exempt*

*Obligations* ..... The District will designate the Bonds “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

*Municipal Bond Rating  
& Municipal Bond*

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

An application has been made to municipal bond insurance companies for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. See "RISK FACTORS – Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

*Payment Record*.....The District has no prior debt history.

*Legal Opinion*.....Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel.

*Disclosure Counsel*.....McCall, Parkhurst & Horton L.L.P., Houston, Texas.

*Financial Advisor*.....Post Oak Municipal Advisors LLC, Houston, Texas.

*Engineer*.....GFT Infrastructure Inc., Houston, Texas.

*Risk Factors*.....The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of risk factors, including particularly the section captioned "RISK FACTORS."

## THE DISTRICT

*Description*.....The District was created by order of the Texas Commission on Environmental Quality (the "TCEQ"), dated November 17, 2022. The District contains approximately 1,350.34 acres of land located in Liberty County at the southwest and southeast intersection of SH 90 and the Grand Parkway. The District is approximately 3.4 miles southwest of downtown Dayton. The District lies within the corporate limits of the City and lies within the boundaries of the Dayton Independent School District. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

*The Developer*.....CMC Railroad LLC, a Texas limited liability company ("CMC Railroad" or the "Developer") is the Developer of land in the District. CMC Railroad is a single purpose entity acquired by its parent company, GILP Acquisition Partners LP, for the purpose of owning and developing land within the District. The Developer is a thinly capitalized entity whose assets primarily consist of the land it owns in the District and the receivables due from the District for development costs. CMC Railroad has developed and sold approximately 164.08 acres of land to various entities in the District. CMC Railroad has developed a Class III, 1000-car rail yard on approximately 122 acres in the District and continues to own approximately 940 acres of undeveloped land in the District.

*Status of Development*....The District is comprised of two tracts of land located on SH 90 at the southwest and southeast corners of the intersection of SH 90 and the Grand Parkway. The District currently consists of two completed industrial buildings, five industrial buildings currently under construction and a rail yard.

Building one was completed in October 2025, is owned by Clay Partners-GILP #1, LP and includes approximately 432,000 square feet on approximately 30.31 acres. MidContinent Steel and Wire currently leases and occupies building one in the District. See "TAX DATA – Principal Taxpayers."

Building two was completed in May 2025, is owned and occupied by Phoenix Oil and includes approximately 50,000 square feet on approximately 10.65 acres. See "TAX DATA – Principal Taxpayers."

Building three is currently under construction on approximately 55 acres with an anticipated completion date of February 2026. Building three will be owned by Omnisource Southwest, LLC and will include approximately 100,000 square feet. Upon completion Omnisource Southwest, LLC is expected to market the building for lease. See “TAX DATA – Principal Taxpayers.”

Building four is currently under construction on approximately 32.31 acres with an anticipated completion date of March 2026. Upon completion, building four will be owned by GPL Developments, LLC and include approximately 400,000 square feet. Serviacero is expected to lease the building. See “TAX DATA – Principal Taxpayers.”

Building five is currently under construction on approximately 13.73 acres with an anticipated completion date of July 2026. Building five will be owned by Chemvest Holding US, Inc. and will include approximately 50,000 square feet. Upon completion Chemvest Holding US, Inc. is expected to market the building for lease. See “TAX DATA – Principal Taxpayers.”

Building six is currently under construction on approximately 9.09 acres with an anticipated completion date of July 2026. Building six will be owned by US Lime & Materials, Inc. and will include approximately 10,000 square feet. Upon completion, US Lime & Materials, Inc. is expected to market the building for lease.

Building seven is currently under construction on approximately 12.99 acres with an anticipated completion date of April 2026. Building seven will be owned by EGF Energy Partners, LLC and will include approximately 50,000 square feet. Upon completion, EGF Energy Partners, LLC, is expected to market the building for lease.

CMC Railroad has constructed a 1000-car rail yard in the District on approximately 122 acres.

The District has an additional approximately 173.10 acres that are served with trunk utilities, but no vertical construction has begun. The District has approximately 625.45 acres of developable land, which is not presently fully served with water distribution, wastewater collection and storm drainage facilities.

The District also contains approximately 265.70 acres of undevelopable land that are contained rights-of-way, easements lift station sites, detention facilities, and open spaces.

*Principal Taxpayers.....* Based upon the 2025 certified tax rolls, the largest taxpayer is Clay Partners-GILP #1 LP, which is responsible for approximately 49.94% of the District's 2025 taxes levied on approximately \$11,413,870 in taxable property value. The second largest taxpayer is GPL Developments LLC, which is responsible for approximately 17.67% of the District's 2025 taxes levied on approximately \$4,039,000 in taxable property value.

See “RISK FACTORS—Dependence on Principal Taxpayers” and “TAX DATA—Principal Taxpayers.”

*The TIRZ.....* By Ordinance No. 02018-15, dated May 19, 2018, the City created the Reinvestment Zone No. 1, City of Dayton (the “TIRZ”), and adopted the Final Project & Financing for the TIRZ (the “TIRZ Plan”) on November 19, 2018, as amended on October 17, 2022. The TIRZ encompasses approximately 2,640 acres, including all of the acreage in the District, for purposes of funding certain infrastructure costs for development in the TIRZ. Liberty County (the “County”), the City and the TIRZ entered into an Interlocal Agreement dated August 14, 2018 and amended October 17, 2022 whereby the County agreed to participate in the TIRZ. The City and the County have agreed to participate in the TIRZ and to deposit in an account at the City (the “Tax Increment Fund”) fifty percent (50%) of all property taxes collected by the City on the Captured Appraised Value (defined herein) of the TIRZ (the “Tax Increment”) subject to the terms of the Master Development and Reimbursement Agreement as described herein. Property taxes collected on personal property are not included in the Tax Increment. The TIRZ terminates on December 31, 2048.

Pursuant to an interlocal agreement among the District, the City, and the TIRZ (the “Tri-Party Agreement”), the City has agreed to make semi-annual payments to the District. Tax Increments will be deposited in the Tax Increment Fund after deduction of administrative cost of the TIRZ and may be used to pay a portion of the debt service on the Bonds; however, Tax Increments are not pledged for payment of debt service on the Bonds. See “REINVESTMENT ZONE NO. 1, CITY OF DAYTON” and “DEVELOPMENT AGREEMENTS AMONG DEVELOPER, CITY, TIRZ AND DISTRICT – Tri-Party Agreement.”

#### **RISK FACTORS**

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF RISK FACTORS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

*[Remainder of Page Left Intentionally Blank]*

## SELECTED FINANCIAL INFORMATION

2025 Certified Taxable Assessed Valuation.....	\$22,855,706 (a)
Estimated Taxable Assessed Valuation as of January 1, 2026.....	\$96,539,030 (b)
Gross Debt Outstanding (after the issuance of the Bonds).....	\$3,225,000
Estimated Overlapping Debt.....	<u>\$1,000,460</u> (c)
Gross Debt and Estimated Overlapping Debt.....	\$4,225,460
Ratios of Gross Debt to:	
2025 Certified Taxable Assessed Valuation.....	14.11%
Estimated Taxable Assessed Valuation as of January 1, 2026.....	3.34%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2025 Certified Taxable Assessed Valuation.....	18.49%
Estimated Taxable Assessed Valuation as of January 1, 2026.....	4.38%
Fund Balances Available as of February 19, 2026:	
Operating Fund.....	\$32,341 (d)
Road Capital Projects Fund.....	\$0 (e)
Road Debt Service Fund.....	\$0 (f)
District TIRZ Fund.....	\$210,312
2025 Tax Rate	
Road Debt Service.....	\$0.000 (g)
Maintenance and Operations.....	<u>0.400</u>
Total.....	<u>\$0.400</u>
Projected Average Annual Debt Service Requirements (2026-2051) and the Bonds ("Average Requirement").....	\$234,636
Projected Maximum Annual Debt Service Requirements (2032) and the Bonds ("Maximum Requirement").....	\$242,850
Projected Tax rate required to pay the Average Requirement based upon:	
2025 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$1.09 /\$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2026 at a 95% collection rate.....	\$0.26 /\$100 A.V.
Projected Tax rate required to pay the Maximum Requirement based upon:	
2025 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$1.12 /\$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2026 at a 95% collection rate.....	\$0.27 /\$100 A.V.

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

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on January 1, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025, and January 1, 2026, will be certified as of January 1, 2026, and provided for purposes of taxation in the fall of 2026. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(d) See "RISK FACTORS – Operating Funds."

(e) To be initially funded upon closing the Bonds

(f) To be initially funded upon the closing of the Bonds with accrued interest and eighteen (18) months of capitalized interest on the Bonds to be deposited to the Road Debt Service Fund at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Road Debt Service Fund.

(g) The District expects to levy its initial debt service tax in 2026. See "TAX DATA – Debt Service Tax."

## PRELIMINARY OFFICIAL STATEMENT

**\$3,225,000**

### **LIBERTY COUNTY MUNICIPAL UTILITY DISTRICT NO. 9**

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

### **UNLIMITED TAX ROAD BONDS, SERIES 2026**

This Official Statement provides certain information in connection with the issuance by Liberty County Municipal Utility District No. 9 (the “District”) of its \$3,225,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, approval by the City, the TIRZ and a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, the City of Dayton Tax Increment Reinvestment Zone No. 1 (the “TIRZ”), the Master Redevelopment Agreement, the Tax Increment (as defined herein), and the Developer of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

## RISK FACTORS

### **General**

The Bonds, which are obligations of the District and not obligations of the State of Texas, Liberty County, the City of Dayton (the “City”), the TIRZ, or any other entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the 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.

### **Dependence on Principal Taxpayers**

The District is in the early stages of development. There is a high concentration of ownership of taxable value in the District. According to the District’s 2025 certified tax rolls, as provided by the Appraisal District, the top ten taxpayers represent \$22,853,021 or 99.99% of the Districts 2025 Certified Taxable Assessed Valuation. Based upon the 2025 certified tax rolls, the largest taxpayer is Clay Partners GILP #1 LP, which is responsible for approximately 49.94% of the District’s 2025 taxes levied on approximately \$11,413,870 in taxable property value. The second largest taxpayer is GPL Developments LLC, which is responsible for approximately 17.67% of the District’s 2025 taxes levied on approximately \$4,039,000 in taxable property value. See “TAX DATA—Principal Taxpayers.” The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District’s ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District’s available funds could have a material adverse effect upon the District’s ability to pay debt service on the Bonds on a current basis.

### **Dependence on Personal Property Tax Collections**

A majority of the District’s 2025 tax base is comprised of distribution/warehouse/office facilities. Approximately 19.46% (\$4,446,732) of the certified 2025 Taxable Assessed Valuation (\$22,855,706) is attributable to personal property. Such percentage is likely to increase significantly as more buildings and other improvements in the District are completed. Most other utility districts in Texas are not dependent to such an extent on taxes levied on personal property, and personal property taxation and collection create special risks for Registered Owners. See “TAX

DATA—Summary of Assessed Valuation,” and “TAX PROCEDURES—Property Subject to Taxation by the District.”

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. A lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20-year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitations period is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See “TAX PROCEDURES.”

### **Operating Funds**

The District’s only significant sources of revenue to pay its operating expenses are advances from the Developer and maintenance tax proceeds. The District does not receive water and wastewater revenues. The District has levied a 2025 operation and maintenance tax rate of \$0.400 per \$100 of taxable assessed valuation. The District’s unaudited Operating Fund balance is \$32,341. Attaining and maintaining a positive Operating Fund balance will depend upon continued development and increased amounts of maintenance tax revenue and if needed, advances from the Developer. In the event that funds are not made available by the Developer, the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District’s debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See “OPERATING STATEMENT.”

### **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District results from the current market value of property for commercial and industrial use. The market value of such properties is related to general economic conditions in the Houston metropolitan area, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for property of this type and the construction of structures thereon can be significantly affected by factors such as interest rates, credit availability (see “Credit Markets and Liquidity in the Financial Markets” below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such property is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

### **Competition**

The District is located approximately 36 miles northeast of downtown Houston where substantial development is occurring and competing facilities may be built with more convenient locations or lower rents. These facilities could attract the business located in the District and may accordingly adversely affect the business, revenues or values of the District.

Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

## **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 36 miles northeast of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

## **Trade Disruptions and Increase in Costs of Building Materials**

A majority of the development in the District includes warehouse distribution facilities, much of which may be dependent on foreign trade, and approximately 42.61% of the District's tax base is comprised of personal property (see "Dependence on Personal Property Tax Collections" herein). As a result of ongoing trade disputes including tariffs and retaliatory tariffs, the volume of personal property within the District could be materially impacted. Further, trade disruptions based on the federal administration's unpredictable tariff policy (including the threatened imposition of tariffs) could increase the cost of materials for new construction in the District. Any material impacts to the volume of personal property and decreased levels of construction activity within the District could restrict the growth of property values or could adversely impact existing values. The District makes no representations regarding the effects that current or future economic or governmental circumstances may have on property values or construction activity within the District.

## **Potential Effects of Oil Price Fluctuations on the Houston Area**

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

## **Landowner Obligation to the District**

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

## **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 District property owners to pay their taxes. The 2025 Certified Taxable Assessed Valuation of the District is \$22,855,706 and the Estimated Taxable Assessed Valuation as of January 1, 2026, is \$96,539,030. After issuance of the Bonds, the projected maximum annual debt service requirement will be \$242,850 (2032) and the projected average annual debt service requirement will be \$234,636 (2026-2051). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$1.12 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of \$242,850 and a tax rate of \$1.09 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of \$234,636. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of January 1, 2026, and no use of funds other than tax collections, tax rates of \$0.27 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$242,850 and a

tax rate of \$0.26 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the and the average annual debt service requirement of \$234,636. See “DEBT SERVICE REQUIREMENTS.”

Although calculations have been made regarding projected average and projected maximum tax rates necessary to pay the debt service on the Bonds based upon the 2025 Certified Taxable Assessed Valuation and the Estimated Taxable Valuation as of January 1, 2026, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction of other taxable improvements within the District. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

### **Overlapping Taxes**

All of the land within the District is also within the corporate boundaries of the City. The City is responsible for the design, financing, and construction of all water wells, water and wastewater plants, and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the District’s boundaries. The debt service on bonds issued by the City is paid from ad valorem taxes on all taxable value within the City, including taxable value in the District. Such City taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, the City, and other taxing jurisdictions must be added together. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. The City levied a 2025 tax of \$0.293320 per \$100 of assessed valuation. Such rate, combined with the tax rate of the District, is higher than tax rates presently being levied by some special districts in the general vicinity of the District. Further, the City has sold multiple series of bonds to finance and maintain infrastructure within its boundaries. The District can make no representation that taxable property values in the District and the City will maintain value sufficient to support the continued payment of taxes by property owners. See “UTILITY AGREEMENT,” “FINANCIAL STATEMENT” and “TAX DATA—Tax Adequacy for Debt Service.”

### **Cybersecurity**

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

### **Severe Weather**

The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., “500-year flood” events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

## **Specific Flood Type Risks**

***100-Year Flood Plain:*** “Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. According to the District’s Engineer, 350 acres of the developable land within the District is located within the 100-year flood plain. Additionally, 107 acres of the undevelopable land within the District lies within the 100-year flood plain. The District’s storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location.

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

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

## **Tax Collection Limitations**

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

## **Registered Owners’ Remedies and Bankruptcy Limitations**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not

waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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

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

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

A district may not be forced into bankruptcy involuntarily.

#### **Continuing Compliance with Certain Covenants**

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

#### **Marketability**

The District has no agreement with the 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 of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

## **Environmental Regulations**

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

***Water Supply & Discharge Issues:*** Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyflouoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

While the *Sackett* decision 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.

### **Changes in Tax Legislation**

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal tax purposes. Any

proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

### **Future Debt**

The Developer has financed or are financing the engineering and construction costs of underground utilities to serve industrial development in the District, and certain other District improvements, including drainage facilities. After the reimbursements are made with Bond proceeds, the Developer will have expended approximately \$17,500,000 for design, construction and acquisition of water, wastewater, and drainage facilities, and road facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the TCEQ and state law. The District makes no representation that any taxable improvements will be constructed or that additional development will occur within the District. See “THE BONDS—Issuance of Additional Debt.”

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following risk factors:

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

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

Neither the District nor the Initial Purchaser has made independent investigations into the claims paying ability of the insurer and no assurance or representation regarding the financial strength or projected financial strength of the insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the insurer, particularly over the life of the investment. See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”

## **THE BONDS**

### **General**

The Bonds will be dated and accrue interest from March 1, 2026, which interest is payable on September 1, 2026, and on each March 1 and September 1 thereafter, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof.

### **Authority for Issuance**

At a bond election held within the District on May 6, 2023, the voters of the District authorized the issuance of a total of \$87,000,000, principal amount of unlimited tax bonds for acquiring or constructing road facilities. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, \$83,775,000 principal amount of unlimited tax bonds will remain authorized but unissued for acquiring or constructing road facilities. See “Issuance of Additional Debt” below.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, approval from the City, the TIRZ and a resolution

authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

### **Source of and Security for Payment**

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not obligations of the State of Texas, Liberty County, the City, the TIRZ, or any entity other than the District.

### **Funds**

In the Bond Resolution, the Road Debt Service Fund is created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest and eighteen (18) months of capitalized interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund to pay the costs of acquiring or constructing District road facilities, paying developer interest, and for paying the costs of issuing the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” for a complete description of the use of Bond proceeds and the projects related thereto.

### **Method of Payment of Principal and Interest**

In the Bond Resolution, the Board has appointed BOKF, N.A. in Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the “Record Date”), to the address of such Registered Owner as shown on the Paying Agent/Registrar’s records (the “Register”) or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

### **No Arbitrage**

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds

are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

### **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2031, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

### **Record Date**

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

### **Registration and Transfer**

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

### **Lost, Stolen or Destroyed Bonds**

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor

a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

### **Issuance of Additional Debt**

At a bond election held within the District on May 6, 2023, the voters of the District authorized the issuance of a total of \$87,000,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities and \$87,000,000 for refunding such bonds, \$254,500,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities and \$254,500,000 for refunding such bonds, and \$13,750,000 principal amount of unlimited tax bonds for fire fighting facilities and \$13,750,000 for refunding such bonds. After issuance of the Bonds, the District will have \$83,775,000 principal amount of unlimited tax bonds authorized but unissued for acquiring and constructing road facilities and \$87,000,000 for refunding such bonds, \$254,500,000 principal amount of unlimited tax bonds authorized but unissued for financing water, sewer and drainage facilities and \$254,500,000 for refunding such bonds, \$13,750,000 principal amount of unlimited tax bonds authorized but unissued for fire fighting facilities and \$13,750,000 for refunding such bonds. The District anticipates issuing additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

Issuance of additional bonds and levy of taxes in connection therewith could dilute the investment security for the Bonds.

### **Remedies in Event of Default**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds

and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic."

"(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

### **Defeasance**

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

### **BOOK-ENTRY-ONLY SYSTEM**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c)*

*prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedure” of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.*

The Depository Trust Company, New York, New York (“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. With respect to the Bonds, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need 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 Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

## THE DISTRICT

### General

The District was created by order of the TCEQ, dated November 17, 2022. The District contains approximately 1,350.34 acres of land located in Liberty County. The District lies within the corporate limits of the City and within the boundaries of the Dayton Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and fire fighting facilities. The District is also empowered to construct internal, thoroughfare, arterial and collector roads and improvements in aid thereof. The TCEQ has also approved a fire plan approved by the District voters. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District for the water, wastewater and drainage projects and fire fighting facilities. The District is required to observe certain requirements of the City which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District's facilities are subject to the regulatory jurisdiction of additional government agencies. See "UTILITY AGREEMENT."

### Description and Location

The District contains approximately 1,350.34 acres of land located in Liberty County at the southwest and southeast

intersection of SH 90 and the Grand Parkway. The District is approximately 3.4 miles southwest of downtown Dayton. The District is located within the City of Dayton. See “AERIAL PHOTOGRAPH.”

### **Status of Development**

The District is comprised of two tracts of land located on SH 90 at the southwest and southeast corners of the intersection of SH 90 and the Grand Parkway. The District currently consists of two completed industrial buildings, five industrial buildings currently under construction and a rail yard.

Building one was completed in October 2025, is owned by Clay Partners-GILP #1, LP and includes approximately 432,000 square feet on approximately 30.31 acres. MidContinent Steel and Wire currently leases and occupies building one in the District. See “TAX DATA – Principal Taxpayers.”

Building two was completed in May 2025, is owned and occupied by Phoenix Oil and includes approximately 50,000 square feet on approximately 10.65 acres. See “TAX DATA – Principal Taxpayers.”

Building three is currently under construction on approximately 55 acres with an anticipated completion date of February 2026. Building three will be owned by Omnisource Southwest, LLC and will include approximately 100,000 square feet. Upon completion Omnisource Southwest, LLC is expected to market the building for lease. See “TAX DATA – Principal Taxpayers.”

Building four is currently under construction on approximately 32.31 acres with an anticipated completion date of March 2026. Upon completion, building four will be owned by GPL Developments, LLC and include approximately 400,000 square feet. Serviacero is expected to lease the building. See “TAX DATA – Principal Taxpayers.”

Building five is currently under construction on approximately 13.73 acres with an anticipated completion date of July 2026. Building five will be owned by Chemvest Holding US, Inc. and will include approximately 50,000 square feet. Upon completion Chemvest Holding US, Inc. is expected to market the building for lease. See “TAX DATA – Principal Taxpayers.”

Building six is currently under construction on approximately 9.09 acres with an anticipated completion date of July 2026. Building six will be owned by US Lime & Materials, Inc. and will include approximately 10,000 square feet. Upon completion, US Lime & Materials, Inc. is expected to market the building for lease.

Building seven is currently under construction on approximately 12.99 acres with an anticipated completion date of April 2026. Building seven will be owned by EGF Energy Partners, LLC and will include approximately 50,000 square feet. Upon completion, EGF Energy Partners, LLC, is expected to market the building for lease.

CMC Railroad has constructed a 1000-car rail yard in the District on approximately 122 acres.

The District has an additional approximately 173.10 acres that are served with trunk utilities, but no vertical construction has begun. The District has approximately 625.45 acres of developable land, which is not presently fully served with water distribution, wastewater collection and storm drainage facilities.

The District also contains approximately 265.70 acres of undevelopable land that are contained rights-of-way, easements lift station sites, detention facilities, and open spaces.

## MANAGEMENT

### **Board of Directors**

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are appointed by the City to serve four-year staggered terms. The Directors of the District are listed below:

Name	District Board Title	Term Expires
Theodore Harper	President	May 2028
Adam Wambaugh	Vice President	May 2026
Micky Ray	Secretary	May 2026
William DiNapoli	Assistant Secretary	May 2026
<i>Vacant</i>	Assistant Vice President	

While the District does not employ any full-time employees, it has contracted for certain services as follows:

### **Tax Assessor/Collector**

Land and improvements within the District are appraised for ad valorem taxation purposes by the Liberty County Central Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Utility Tax Service, LLC is currently serving in this capacity for the District.

### **Bookkeeper**

The District has engaged Municipal Accounts & Consulting, LP to serve as the District's bookkeeper.

### **Engineer**

The consulting engineers for the District in connection with the design and construction of the District's facilities is GFT Infrastructure Inc., Texas. (the "Engineer").

### **Financial Advisor**

Post Oak Municipal Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

### **Attorney**

The District has engaged Allen Boone Humphries Robinson LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. The legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

### **Auditor**

As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the TCEQ. The District's financial statements for the fiscal year ended March 31, 2025, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's March 31, 2025, audited financial statements.

## THE DEVELOPER

### **Role of a Developer**

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

### **CMC Railroad, LLC**

CMC Railroad LLC, a Texas limited liability company ("CMC Railroad" or the "Developer") is the Developer of land in the District. CMC Railroad is a single purpose entity acquired by its parent company, Gilp Acquisition Partners LP, for the purpose of owning and developing land within the District. The Developer is a thinly capitalized entity whose assets primarily consist of the land it owns in the District and the receivables due from the District for development costs. CMC Railroad has developed and sold approximately 164.08 acres of land to various entities in the District. CMC Railroad has developed a Class III, 1000-car rail yard on approximately 122 acres in the District and continues to own approximately 940 acres of undeveloped land in the District.

### **Acquisition and Development Financing**

To obtain development financing, CMC Railroad entered into a loan agreement with TREZ Capital. Pursuant to such loan agreement, CMC Railroad may obtain advances for the installation infrastructure within the District. Advances under such loan agreement are subject to a deed of trust on CMC Railroad's land within the District. Pursuant to such loan agreement, the notes payable to TREZ Capital under the loan agreement have a maturity date of December 31, 2026. As of January 1, 2026, the outstanding balance on the note related to infrastructure was approximately \$81.9 million. CMC Railroad is in compliance with all material terms of the loan agreement.

## **DEVELOPMENT AGREEMENTS AMONG DEVELOPER, CITY, TIRZ, AND DISTRICT**

### **Master Development and Reimbursement Agreement**

The City, the Developer, and the TIRZ entered into the Master Development and Reimbursement Agreement as of December 17, 2018, and amended on October 17, 2022 ("TIRZ Reimbursement Agreement"). The TIRZ Reimbursement Agreement acknowledges that Developer will fund public infrastructure projects that are eligible projects in the TIRZ Plan. The parties agreed to certain terms and priorities for reimbursements for those eligible projects funded by Developer. For certain improvements that Developer has funded that benefit land within the entire TIRZ, Developer may be reimbursed from Tax Increment outside of the land owned by Developer or the District ("Zone Improvements"). All Tax Increment from the Developer's tract shall be used for repayment of eligible public improvements within Developer's tract with limited exceptions. The reimbursement to Developer of paving and construction costs of Rolke Road (which is being funded with the Bonds) is a Zone Improvement under the TIRZ Reimbursement Agreement. However, the Tax Increment Fund is not pledged to debt service payments on the Bonds. See "REINVESTMENT ZONE NO. 1, CITY OF DAYTON."

### **Development Agreement with the City**

In consideration of consent to creating the District, the City and Developer entered into a Development Agreement pertaining to land within the District. All water, sewer, and drainage facilities will be constructed in accordance with the City's design standards. The Developer and the District are responsible for construction of all internal and offsite facilities to serve the District and then will convey all utilities to the City for ownership and operation. The City will provide retail utility service to customers within the District. The Developer will dedicate a two-acre site for a fire station site and fund up to \$1,000,000 for fire protection facilities, and City will not dissolve the District until the

Developer is reimbursed in full and 90% of developable acreage within the District has water, sewer, and drainage facilities.

### **Tri-Party Agreement**

The City, TIRZ and District entered into an Agreement By and Among the City, the TIRZ and the District dated April 15, 2024 (the “Tri-Party Agreement”). The parties agreed that the District shall assist the City by implementing the TIRZ Plan (as defined therein) with respect to the District, including the financing and construction of eligible projects including the ability to issue bonds to reimburse the Developer for eligible project costs. The City agreed to establish a separate City TIRZ Revenue Fund to deposit all Tax Increment collected by the City. The City will also establish certain sub accounts and will deposit into such sub account the Tax Increment attributable to the Developer’s tract’s value (“CMC Subaccount”). The City will pay the District semiannually all monies available in the CMC Subaccount (and any other eligible accounts), and the District will deposit such monies into the District TIRZ Fund. The District TIRZ Fund may be pledged to District bonds issued for eligible project costs. However, the District TIRZ Fund is not pledged to debt service on the Bonds but may be used to pay a portion of the debt service on the Bonds. See “REINVESTMENT ZONE NO. 1, CITY OF DAYTON.”

### **UTILITY AGREEMENT**

The District operates pursuant to a Utility Agreement between the City and the District, dated as of January 25, 2021 (the “Utility Agreement”). Pursuant to the Utility Agreement, the District assumed responsibility for acquiring and constructing for the benefit of, and for the ultimate conveyance to, the City, the water distribution, wastewater collection, storm water and road facilities to serve development occurring within the boundaries of the District (the “Facilities”); the City agreed to accept the Facilities, for operation and maintenance at the sole cost of the City in consideration for the District’s financing, acquisition and construction of the Facilities. In order to secure performance by the City of its obligations under the Utility Agreement, the District retains a security interest in the Facilities transferred to the City until the District’s bonds issued to acquire and construct the Facilities are paid off. It is the City’s obligation to set rates and charges for the use of the Facilities and to bill and collect such rates and charges from customers of the Facilities. The City agrees to charge customers of the District equal and uniform water and wastewater rates as those users of similar classifications in areas of the City outside the boundaries of the District. All revenues from the Facilities belong exclusively to the City. The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City’s requirements and criteria.

The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity without capital charges of any kind. The City has covenanted to maintain the Facilities, or cause the Facilities to be maintained, in good condition and working order and to operate the same, or cause the same, to be operated in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. The City has also covenanted to comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental or judicial body promulgating the same.

Under the Utility Agreement, the District agrees that in the event the District requires facilities to treat industrial waste or requires wastewater capacity over 500,000 gpd of additional water storage, the District will construct those facilities and convey to the City such facilities.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities.

The City’s right to dissolve the District is restricted under the Utility Agreement. Under the terms of the Utility Agreement, the City agrees that it will not dissolve the District until ninety percent of the District’s Facilities have been developed and the developer advancing funds to construct the Facilities have been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement of the District under such rules.

### **THE ROAD SYSTEM**

All roadways are designed and constructed in accordance with the City and Liberty County standards, rules, and regulations. Upon acceptance by the City, the City is responsible for the operation and maintenance of all roadways. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water,

wastewater and drainage facilities are located within the right-of-way or adjacent public utility easements. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities (including power, gas, telephone, fiber, and cable).

## **WATER AND WASTEWATER SYSTEM**

### **Facilities**

The facilities shall be designed and constructed in compliance with all applicable requirements and criteria of the City, the TCEQ, the Attorney General of Texas, or any other federal or state agency with regulatory jurisdiction the District. The District shall not be required to design and construct the facilities to requirements more stringent than the City's requirements and criteria applicable to all design and construction within the City's jurisdiction. The District shall design, construct or extend the facilities in such phases or stages as the District, in its sole discretion, from time to time may determine to be economically feasible.

### **Water Supply**

The District's source of water supply is from the City, pursuant to the Utility Agreement. Under the Agreement, the District receives enough water capacity to serve the ultimate needs of the District. The District constructs the internal water lines within the District, any additional storage required, and then conveys the lines to the City for ownership, operation and maintenance. The District's water supply capacity received from the City is capable of serving the ultimate projected development of 2,000 ESFCs.

### **Water Distribution and Supply Facilities**

Water distribution facilities have been constructed to serve approximately 400 acres of commercial facilities. The water distribution system for full development of the District will consist of approximately 100,000 linear feet (LF) ranging from 4-inches to 24-inches of polyvinyl chloride (PVC) pipes or ductile iron pipelines, along with all related appurtenances and fittings. The distribution system will be designed to meet TCEQ and the City design criteria as well as pressure criteria under peak demand conditions.

### **Wastewater Treatment**

The District's source of wastewater is from the City, pursuant to the Utility Agreement. Under the Agreement, the District receives enough wastewater capacity to serve the ultimate needs of the District. The District constructs the internal wastewater lines within the District, then the lines are conveyed to the City for operation and maintenance.

The City of Dayton Wastewater Treatment Facility, TPDES Permit WQ0010564004 is permitted for a current capacity of 4 MGD.

The District's wastewater capacity received from the City is capable of serving the ultimate projected development of 2,000 ESFCs.

### **Wastewater Treatment Plant Facilities and Connections**

The District estimates that its ultimate requirement for wastewater treatment at full build-out will be 2,000 ESFCs (the "Wastewater Capacity"). The City shall provide the District with the Wastewater Capacity requirements for wastewater treatment as needed and required by the District.

If the District requires wastewater treatment capacity in excess of the Wastewater Capacity, and such excess is not available in the then-existing City wastewater treatment facilities, the District agrees to finance any and all costs associated with the reasonable and necessary expansion of the then-existing City wastewater treatment facilities. The District shall adhere to the City's pretreatment program. Any needs above the capacity of the treatment plant or City's TPDES (Texas Pollutant Discharge Elimination System) permit shall be the responsibility of the District. In the event industrial wastewater treatment facilities are required, the District will construct such facilities and convey such facilities to the City.

## USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$2,409,644 is estimated for construction costs, \$583,703 is estimated for non-construction costs, and \$231,653 is estimated for issuance costs and fees.

<b>Developer Contribution Items</b>		
1) Paving Costs for Rolke Road .....	\$ 2,186,254	
2) Engineering .....	223,390	
<b>Total Construction Cost.....</b>	<b>\$ 2,409,644</b>	
<b>II. NON-CONSTRUCTION COSTS</b>		
• Developer Interest (5.50%).....	\$ 220,890	
• Capitalized Interest (18 months @ 5.50%)(a).....	266,063	
• Bond Discount (3.00%)(a).....	96,750	
<b>Total Non-Construction Costs.....</b>	<b>\$ 583,703</b>	
<b>III. ISSUANCE COSTS AND FEES</b>		
• Legal Fees .....	\$ 104,500	
• Fiscal Agent Fees.....	64,500	
• Engineering Fees.....	20,000	
• Bond Issuance Expenses.....	39,428	
• Attorney General Fees (0.10%).....	3,225	
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 231,653</b>	
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 3,225,000</b>	

(a) In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for authorized purposes.

### **Future Debt**

The Developer has financed or are financing the engineering and construction costs of underground utilities and roads to serve development in the District, and certain other District improvements, including drainage facilities. After the reimbursements are made with Bond proceeds, the Developer will have expended approximately \$17,500,000 for design, construction and acquisition of water, wastewater, and drainage facilities, and road facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the TCEQ and state law. The District makes no representation that any construction of taxable improvements on developed land or additional development will occur within the District. See "THE BONDS—Issuance of Additional Debt."

## UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/6/2023	Roads	\$87,000,000	\$3,225,000 (a)	\$83,775,000
5/6/2023	Refunding Roads	\$87,000,000	\$0	\$87,000,000
5/6/2023	Water, Sewer & Drainage	\$254,500,000	\$0	\$254,500,000
5/6/2023	Water, Sewer, & Drainage Refunding	\$254,500,000	\$0	\$254,500,000
5/6/2023	Fire Fighting	\$13,750,000	\$0	\$13,750,000
5/6/2023	Refunding Fire Fighting	\$13,750,000	\$0	\$13,750,000

(a) The Bonds.

## FINANCIAL STATEMENT (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$22,855,706 (a)
Estimated Taxable Assessed Valuation as of January 1, 2026.....	\$96,539,030 (b)
Projected Gross Debt Outstanding (after the issuance of the Bonds).....	\$3,225,000
Estimated Overlapping Debt.....	\$1,000,460 (c)
Gross Debt and Estimated Overlapping Debt.....	<u>\$4,225,460</u>

### Projected Ratios of Gross Debt to:

2025 Certified Taxable Assessed Valuation.....	14.11%
Estimated Taxable Assessed Valuation as of January 1, 2026.....	3.34%

### Projected Ratios of Gross Debt and Estimated Overlapping Debt to:

2025 Certified Taxable Assessed Valuation.....	18.49%
Estimated Taxable Assessed Valuation as of January 1, 2026.....	4.38%

Area of District: 1,350.34 acres

- (a) As certified by the Liberty County Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on January 1, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025, and January 1, 2026, will be certified as of January 1, 2026, and provided for purposes of taxation in the fall of 2026. See “TAX PROCEDURES.”
- (c) See “ESTIMATED OVERLAPPING DEBT STATEMENT.”

## **TIRZ Revenue Fund**

Pursuant to the Tri-Party Agreement, the City has agreed to make semi-annual payments to the District (the “Tax Increment”) of all monies available in the City TIRZ Fund, after deduction of administrative costs of the TIRZ. See “DEVELOPMENT AGREEMENTS AMONG DEVELOPER, CITY, TIRZ AND DISTRICT – Tri-Party Agreement.” Tax Increment will be deposited in the District TIRZ Fund and may be used to pay a portion of the debt service on the Bonds; however, Tax Increment are not pledged for payment of debt service on the Bonds. See “REINVESTMENT ZONE NO. 1, CITY OF DAYTON.”

**Cash and Investment Balances** (unaudited as of February 19, 2026)

Operating Fund	Cash and Temporary Investments	\$32,341 (a)
Road Capital Projects Fund	Cash and Temporary Investments	\$0 (b)
Road Debt Service Fund	Cash and Temporary Investments	\$0 (c)
District TIRZ Fund	Cash and Temporary Investments	\$210,312 (d)

(a) See "RISK FACTORS – Operating Funds."

(b) To be initially funded upon closing of the Bonds

(c) To be initially funded upon closing of the Bonds with accrued interest and eighteen (18) months of capitalized interest on the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(d) Tax Increments will be deposited in the District TIRZ Fund and may be used to pay a portion of the debt service on the Bonds, however, Tax Increment are not pledged for payment of debt service on the Bonds. While the Bonds or any part of the principal thereof or interest thereon remains outstanding or unpaid, the District covenants to levy and assess a continuing direct ad valorem tax, without legal limitation as to rate or amount, upon all taxable property located within the District sufficient to pay the principal and interest on the Bonds. See "THE BONDS—Source of and Security of Payment," "RISK FACTORS—Maximum Impact on District Tax Rates," "TAX DATA—Tax Adequacy for Debt Service," and "REINVESTMENT ZONE NO.1, CITY OF DAYTON—Tax Increment Collections."

**ESTIMATED OVERLAPPING DEBT STATEMENT**

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing <u>Jurisdiction</u>	Outstanding <u>Bonds</u>	As of	Overlapping	
			<u>Percent</u>	<u>Amount</u>
City of Dayton.....	\$ 45,440,000	01/31/26	1.43%	649,792
Liberty County.....	22,085,000	01/31/26	0.16%	35,336
Dayton ISD.....	50,860,000	01/31/26	0.62%	315,332
Total Estimated Overlapping Debt				\$1,000,460
The District.....	\$3,225,000 (a)	Current	100.00%	3,225,000
Total Direct and Estimated Overlapping Debt.....				\$4,225,460

Ratios of Total Direct and Estimated Overlapping Debt to:

2025 Certified Taxable Assessed Valuation.....	18.49%
Estimated Taxable Assessed Valuation as of January 1, 2026.....	4.38%

(a) The Bonds.

## Overlapping Tax Rates for 2025

	2025 Tax Rate per \$100 of Taxable Assessed Valuation
City of Dayton.....	\$ 0.647592
Liberty County.....	0.480000
Liberty County Hospital District No. 1.....	0.089328
Dayton ISD.....	0.957200
Liberty County Drainage District No. 1.....	0.061178
Total Overlapping Tax Rate.....	<u>\$ 2.235298</u>
The District .....	0.400000
Total Tax Rate.....	<u>\$ 2.635298</u>

## TAX DATA

### Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Tax Levy	Total Collections	
				As of February 19, 2026	
2025	\$ 22,855,706	\$ 0.40	\$ 91,423	\$ 91,423	100.00%

Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

### Tax Rate Distribution

	<b>2025</b>
Maintenance and Operations	\$ 0.400
Debt Service (a)	-
Total	\$ 0.400

(a) The District intends to levy its initial debt service tax in 2026.

### Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: \$1.50 per \$100 of taxable assessed valuation.

Road Maintenance: \$0.25 per \$100 of taxable assessed valuation.

### Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy its initial debt service tax in 2026. See "Tax Rate Distribution" herein.

## **Maintenance and Operations Tax**

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on May 6, 2023, the Board was authorized to levy a maintenance tax in an amount not to exceed \$1.50 per \$100 of taxable assessed valuation and a road maintenance tax limited to \$0.25 per \$100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. The District levied a maintenance and operations tax for 2025 in the amount of \$0.40 per \$100 of taxable assessed valuation.

## **Tax Exemptions**

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. The Developer has executed Waivers of Special Appraisal, waiving their right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waivers are binding for periods of thirty years.

## **Additional Penalties**

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

## **Summary of Assessed Valuation**

The following summary of the 2025 and 2024 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2025 tax rolls of the District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2025	2024
Land	\$18,488,030	\$2,513,280
Improvements	209,650	61,050
Personal Property	9,721,880	0
Exemptions	(5,563,854)	0
Total Assessed Valuation	\$22,855,706	\$2,574,330

## Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2025 certified tax rolls, which reflect ownership at January 1, 2025.

Taxpayer	Type of Property	2025 Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
Clay Partners-GILP #1 LP	Land, Improvements & Personal Property	\$ 11,413,870	49.94%
GPL Developments LLC	Land & Improvements	4,039,000	17.67%
Phoenix Oil Inc	Land, Improvements & Personal Property	2,725,524	11.92%
Omnisource Southwest LLC	Land & Improvements	2,013,012	8.81%
Chemvest Holding US Inc	Land & Improvements	1,716,000	7.51%
CMC Railroad LLC (a)	Land, Improvements & Personal Property	931,050	4.07%
CIRE Industrial I LP	Land	5,208	0.02%
Ranslem Capital LP	Land	3,509	0.02%
Whale Capital LP	Land	3,509	0.02%
Individual	Land	2,339	0.01%
Total		\$ 22,853,021	99.99%

(a) See "THE DEVELOPER" herein.

## Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2025 Certified Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District's projected average and projected maximum annual debt service requirements on the Bonds.

Projected Average Annual Debt Service Requirement (2026-2051).....	\$234,636
\$1.09 tax rate on the 2025 Certified Taxable Assessed Valuation of \$22,855,706 at a 95% collection rate produces.....	\$236,671
\$0.26 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2026 of \$96,539,030 at a 95% collection rate produces.....	\$238,451
Projected Maximum Annual Debt Service Requirement (2032).....	\$242,850
\$1.12 tax rate on the 2025 Certified Taxable Assessed Valuation of \$22,855,706 at a 95% collection rate produces.....	\$243,185
\$0.27 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2026 of \$96,539,030 at a 95% collection rate produces.....	\$247,623

## REINVESTMENT ZONE NO.1, CITY OF DAYTON

By Ordinance No. 02018-15 dated May 29, 2018, and amended on October 17, 2022, the City created the Tax Increment Reinvestment Zone No. 1, City of Dayton (the “TIRZ”) and adopted the Final Project & Financing for the TIRZ (the “TIRZ Plan”) on November 19, 2018, as amended on October 17, 2022. The TIRZ encompasses approximately 2,640 acres, including all of the acreage in the District, for purposes of funding certain infrastructure costs for development in the TIRZ. The City has agreed to participate in the TIRZ and to deposit in an account at the City (the “Tax Increment Fund”) fifty percent (50%) of all property taxes collected by the City (the “Tax Increment”) attributable to the increase in taxable real property within the TIRZ including all of the property in the District since January 1, 2018 (“Captured Appraised Value”). Property taxes collected on personal property are not included in the Tax Increment. The TIRZ terminates on December 31, 2048. Pursuant to an Interlocal Agreement with Liberty County, the County contributes fifty percent (50%) of its increment of real property taxes collected within the TIRZ to the City for TIRZ purposes.

Pursuant to a tri-party agreement among the District, the City, and the TIRZ (the “Tri-Party Agreement”), the City has agreed to make semi-annual Tax Increment payments to the District. The Tax Increment will be deposited in the District TIRZ Fund and may be used to pay a portion of the debt service on the Bonds; however, Tax Increments are not pledged for payment of debt service on the Bonds. See “THE BONDS—Source of and Security for Payment” and “DEVELOPMENT AGREEMENTS AMONG THE DEVELOPER, CITY TIRZ AND THE DISTRICT – Tri-Party Agreement.”

### **Tax Increment Collections**

#### **Liberty County**

Tax Year	Less: Base Value (a)	Certified Real Property	Captured Appraised Value (b)	Liberty County Tax Rate	Tax Increment at 50% (c)
2019	\$ (8,556,411)	\$ 10,122,881	\$ 1,566,470	0.57880	\$ 4,073.47
2020	(8,556,411)	13,236,821	4,680,410	0.55430	11,687.61
2021	(8,556,411)	15,532,829	6,976,418	0.55430	15,417.76
2022	(8,556,411)	25,562,631	17,006,220	0.47990	28,352.87
2023	(8,556,411)	25,536,500	16,980,089	0.47000	31,359.09
2024	(8,556,411)	29,316,710	20,760,299	0.47000	<u>36,334.51</u>
Total					\$ 127,225.31

#### **City of Dayton**

Tax Year	Less: Base Value (d)	Certified Real Property	Captured Appraised Value (b)	City of Dayton Tax Rate	Tax Increment at 50% (c)
2019	\$ (6,151,904)	\$ 7,049,424	\$ 897,520	0.6645000	\$ 1,730.58
2020	(6,151,904)	9,769,044	3,617,140	0.7060000	7,349.52
2021	(6,151,904)	10,738,331	4,586,427	0.6669000	7,908.45
2022	(6,151,904)	18,101,249	11,949,345	0.6637790	20,037.66
2023	(6,151,904)	17,203,181	11,051,277	0.6607897	20,818.34
2024	(6,151,904)	19,366,985	13,215,081	0.6485860	<u>25,242.03</u>
					\$ 83,086.58

(a) Base value is the taxable value in the TIRZ in 2018, the year of creation of the TIRZ.

(b) Captured Appraised Value is the Certified Real Property Value less the Base Value.

(c) The District TIRZ Fund Revenue is after deduction of the City’s administrative fee.

(d) The City of Dayton’s base value may be subject to adjustment. Certain parcels currently included in the base value calculations may be determined to lie outside of the City’s boundaries, which could result in a correction and subsequent adjustment of the reported base value.

## TAX PROCEDURES

### **Authority to Levy Taxes**

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, 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 Resolution 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 may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA.”

### **Property Tax Code and County-Wide Appraisal District**

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Liberty County Central Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units within Liberty County, including the District. Such appraisal values are subject to review and change by the Liberty County Central Appraisal Review Board (the “Appraisal Review Board”).

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding 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 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation 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 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 of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

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

### **Tax Abatement**

The City has designated all or part of the area within the District as a reinvestment zone. See "REINVESTMENT ZONE NO. 1, CITY OF DAYTON." Thereafter, the City and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. However, per the Master Development Agreement, the City may not abate the Tax Increment without the consent of the District.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code.

Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

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

### **District and Taxpayer Remedies**

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 the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

### **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes

delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest 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 year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

#### Special Taxing Units:

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

#### Developed Districts:

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

#### Developing Districts:

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain

homestead exemptions, may be authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

*The District:*

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

**District's Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS-General" and "-Tax Collection Limitations," and "-Registered Owners' Remedies and Bankruptcy Limitations."

**Tax Payment Installments after Disaster**

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

## OPERATING STATEMENT

### **General**

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property located within the District. Surplus revenues, if any, of the District's General Fund are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds, at the discretion and upon action of the Board. It is not anticipated that significant revenues, if any, will be available for the payment of debt service on the Bonds.

### **Operating Statement**

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. The City operates the water and wastewater system that serves the District, so the District collects no net revenues from operating the System. Such summary is based upon information obtained from the District's audited financial statements for fiscal year ended 2025 and from the District's bookkeeper for the fiscal year 2023, 2024 and the ten-month period ended January 31, 2026. See "RISK FACTORS – Operating Funds." Reference is made to such records and statements for further and more complete information.

	Fiscal Year Ended March 31			
	4/1/2025 to 1/31/2026 (a)	2025	2024(a)	2023(a)
	\$	\$	\$	\$
<b>GENERAL FUND</b>				
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Penalties and Interest	- -	- -	- -	- -
Investment Earnings	- -	- -	- -	- -
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures:</b>				
Professional Fees	\$ 54,395	\$ 38,340	\$ 63,549	\$ 42,694
Purchased Services	433	- -	- -	- -
Contracted Services	7,183	6,717	10,469	4,137
Repairs and Maintenance	28,104	- -	- -	- -
Administrative	10,393	9,954	8,899	7,557
Other	946	2,630	3,750	1,644
<b>Total Expenditures</b>	<b>\$ 101,453</b>	<b>\$ 57,641</b>	<b>\$ 86,667</b>	<b>\$ 56,032</b>
<b>Net Revenues</b>	<b>\$ (101,453)</b>	<b>\$ (57,641)</b>	<b>\$ (86,667)</b>	<b>\$ (56,032)</b>
<b>Other Financing Sources</b>				
Developer advances (b)	\$ 165,000	\$ 49,000	\$ 120,000	\$ - -
<b>Net Change in Fund Balance</b>	<b>\$ 63,547</b>	<b>\$ (8,641)</b>	<b>\$ 33,333</b>	<b>\$ (56,032)</b>
<b>Fund Balance</b>				
<b>Beginning of Period</b>	<b>\$ (31,340)</b>	<b>\$ (22,699)</b>	<b>\$ (56,032)</b>	<b>\$ - -</b>
<b>Fund Balance</b>				
<b>End of Period</b>	<b>\$ 32,207</b>	<b>\$ (31,340)</b>	<b>\$ (22,699)</b>	<b>\$ (56,032)</b>

(a) Unaudited. Provided by the District's bookkeeper.

(b) See "RISK FACTORS – Operating Funds."

## **DEBT SERVICE REQUIREMENTS**

The following table sets forth the projected debt service requirements for the Bonds at an estimated interest rate of 5.50% per annum. This schedule does not reflect the fact that eighteen (18) months of interest will be capitalized from bond proceeds to pay debt service on the Bonds.

Year	Debt Service on the Bonds		
	Principal	Interest	Total
2026	\$ -	88,688	88,688
2027	65,000	177,375	242,375
2028	65,000	173,800	238,800
2029	70,000	170,225	240,225
2030	75,000	166,375	241,375
2031	80,000	162,250	242,250
2032	85,000	157,850	242,850
2033	85,000	153,175	238,175
2034	90,000	148,500	238,500
2035	95,000	143,550	238,550
2036	100,000	138,325	238,325
2037	105,000	132,825	237,825
2038	115,000	127,050	242,050
2039	120,000	120,725	240,725
2040	125,000	114,125	239,125
2041	135,000	107,250	242,250
2042	140,000	99,825	239,825
2043	150,000	92,125	242,125
2044	155,000	83,875	238,875
2045	165,000	75,350	240,350
2046	175,000	66,275	241,275
2047	185,000	56,650	241,650
2048	195,000	46,475	241,475
2049	205,000	35,750	240,750
2050	215,000	24,475	239,475
2051	230,000	12,650	242,650
Total	<u>\$ 3,225,000</u>	<u>\$ 2,875,538</u>	<u>\$ 6,100,538</u>

Projected Average Annual Debt Service Requirements (2026-2051)..... \$234,636  
 Projected Maximum Annual Debt Service Requirements (2032)..... \$242,850

## LEGAL MATTERS

### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT—General," "DEVELOPMENT AGREEMENTS AMONG DEVELOPER, CITY, TIRZ AND DISTRICT," "REINVESTMENT ZONE NO. 1, CITY OF DAYTON," "UTILITY AGREEMENT," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as General Counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. The legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

McCall, Parkhurst & Horton L.L.P., Houston, Texas ("Disclosure Counsel") serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, 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 Material Adverse Change**

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

### **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of 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 of the District.

## TAX MATTERS

**The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.**

### **Tax Exemption**

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 as to whether 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, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

### **Qualified Tax-Exempt Obligations**

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private

activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

### **Additional Federal Income Tax Considerations**

#### **Collateral Tax Consequences**

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

#### **Tax Accounting Treatment of Original Issue Premium**

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

## **Tax Accounting Treatment of Original Issue Discount**

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues 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 OID 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Bond.

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

## **Tax Legislative Changes**

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by \_\_\_\_\_ (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of \_\_\_\_\_ % of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of \_\_\_\_\_ % as calculated pursuant to Chapter 1204 of the Texas Government Code.

### Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any 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 that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

### Securities Laws

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

## MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

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

An application has been made for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Initial Purchaser. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

## PREPARATION OF OFFICIAL STATEMENT

### Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such

documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

### **Financial Advisor**

Post Oak Municipal Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Post Oak Municipal Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

“THE DISTRICT” – Connor Investment Real Estate LLC, (the “Developer”), GFT Infrastructure Inc. (“Engineer”), and Records of the District (“Records”); “THE DEVELOPER” – Developer; “THE SYSTEM” – Engineer; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” - Records; “FINANCIAL STATEMENT (UNAUDITED)” – Liberty County Central Appraisal District and Utility Tax Service, LLC, Tax Assessor/Collector; “ESTIMATED OVERLAPPING DEBT STATEMENT” - Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” - Utility Tax Service, LLC; “MANAGEMENT” – Records; “DEBT SERVICE REQUIREMENTS” - Financial Advisor; “THE BONDS,” “TAX PROCEDURES,” “LEGAL MATTERS,” and “TAX MATTERS” - Allen Boone Humphries Robinson LLP.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District 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.

### **Consultants**

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this 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,” “THE ROAD SYSTEM” and “WATER AND WASTEWATER SYSTEM” has been provided by GFT Infrastructure, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Liberty County Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Liberty County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuation, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Services, LLC and is included herein in reliance upon the authority of such entity as experts in assessing and collecting taxes.

Auditor: As required by the Texas Water Code, the District retains an independent accountant to audit the District’s financial statements annually, which audited financial statements are filed with the Commission. The District’s financial statements for the fiscal year ended March 31, 2025, have been audited by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District’s March 31, 2025, audited financial statements.

Bookkeeper: The information related to “unaudited” summary of the District’s General Fund as it appears in “OPERATING STATEMENT” has been provided by Municipal Accounts & Consulting, LP and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of special districts.

## **Updating the Official Statement**

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

## **Certification of Official Statement**

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

## **CONTINUING DISCLOSURE OF INFORMATION**

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the “SEC”) regarding the District’s continuing disclosure obligations because the District has less than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. In the Bond Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) System.

### **Annual Reports**

The District will provide certain financial information and operating data to the MSRB through EMMA.

The financial information and operating data which will be provided with respect to the District is found in APPENDIX A (the District’s Audited Financial Statements). The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

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

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

### **Event Notices**

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 Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District 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 District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under the federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

### **Availability of Information from MSRB**

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the

amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

#### **Compliance with Prior Undertakings**

The Bonds are the District's first issuance of bonds. Therefore, the District has not previously entered into a continuing disclosure agreement.

#### **MISCELLANEOUS**

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

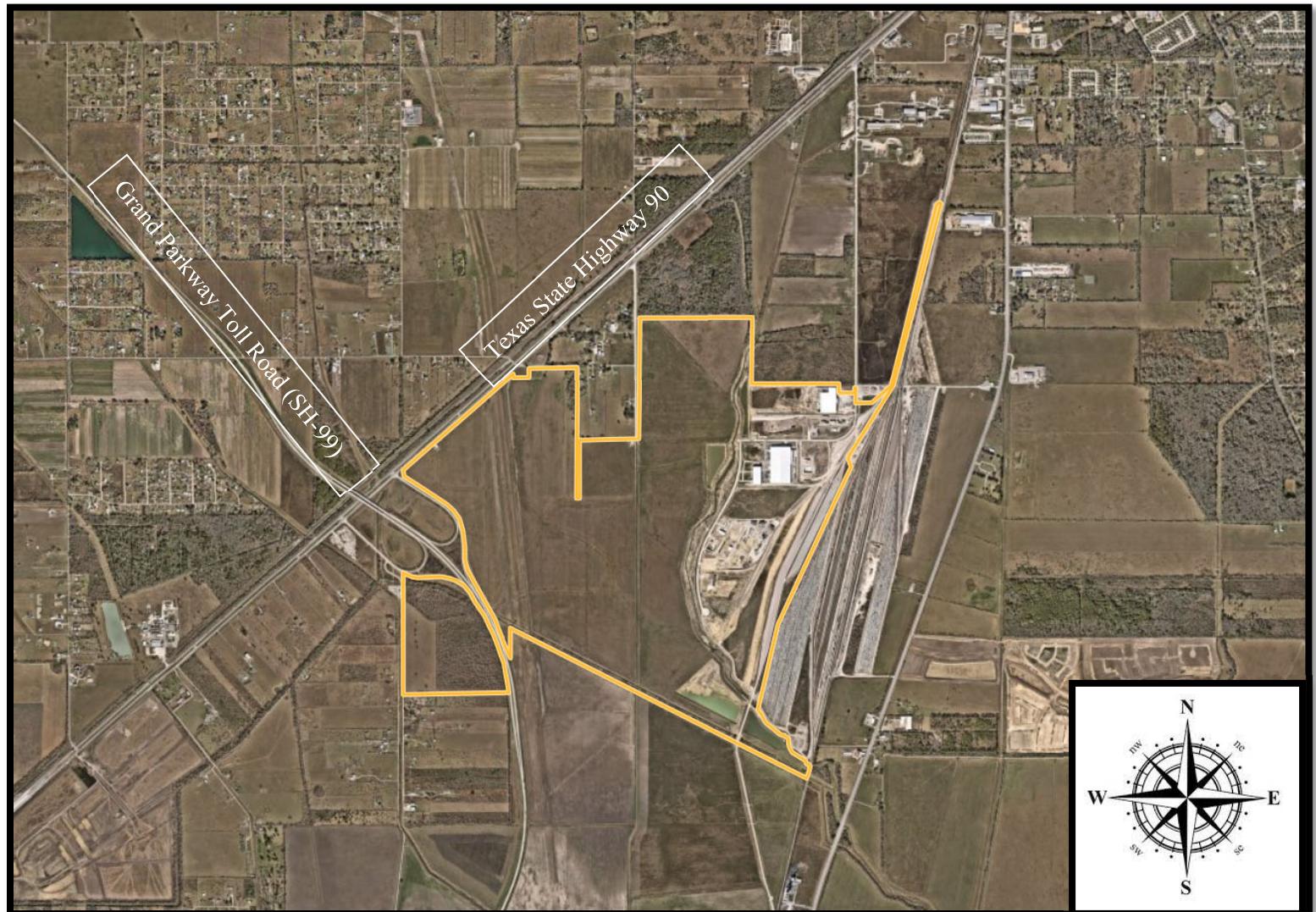
This Official Statement was approved by the Board of Directors of Liberty County Municipal Utility District No. 9, as of the date shown on the cover page.

/s/  
President, Board of Directors  
Liberty County Municipal Utility District No. 9

ATTEST:

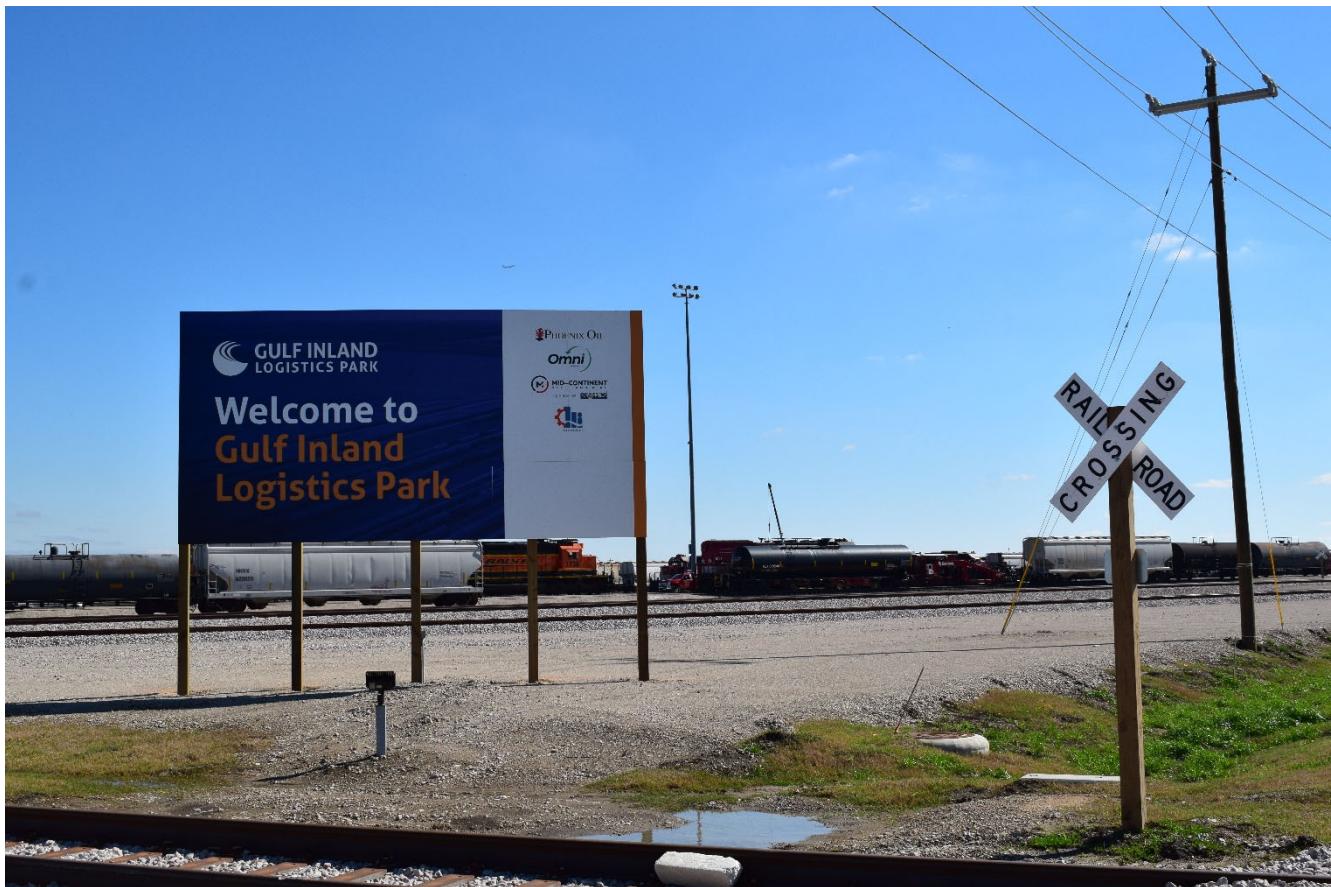
/s/  
Secretary, Board of Directors  
Liberty County Municipal Utility District No. 9

**AERIAL PHOTOGRAPH**



## **PHOTOGRAPHS**

The following photographs were taken in the District in February 2026, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.











## **APPENDIX A**

**Independent Auditor's Report and Financial Statements for the fiscal year ended March 31, 2025.**

**LIBERTY COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 9**

**LIBERTY COUNTY, TEXAS**

**FINANCIAL REPORT**

**March 31, 2025**



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880  
Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Liberty County Municipal Utility District No. 9  
Liberty County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and General Fund of Liberty County Municipal Utility District No. 9 (the "District"), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Liberty County Municipal Utility District No. 9, as of March 31, 2025, and the respective changes in financial position thereof 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.

**Board of Directors**  
**Liberty County Municipal Utility District No. 9**  
**Liberty County, Texas**

**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 budgetary comparison information 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

**Board of Directors  
Liberty County Municipal Utility District No. 9  
Liberty County, Texas**

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*McGraw & Co., P.C.*

Houston, Texas  
January 16, 2026

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## **Management's Discussion and Analysis**

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# **Liberty County Municipal Utility District No. 9**

## **Management's Discussion and Analysis**

**March 31, 2025**

### **Using this Annual Report**

This section of the financial report of Liberty County Municipal Utility District No. 9 (the “District”) provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 31, 2025. This analysis should be read in conjunction with the independent auditor’s report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District’s basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District’s budget; and
- Other Texas supplementary information required by the District’s state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

### **Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

### **Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District’s government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

**Liberty County Municipal Utility District No. 9**  
**Management's Discussion and Analysis**  
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The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

### **Fund Financial Statements**

The fund financial statements include the *Governmental Fund Balance Sheet* and the *Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

### **Financial Analysis of the District as a Whole**

The District's net position at March 31, 2025, was negative \$200,340. This amount is negative because the District relies on advances from its developers to fund operating costs. A comparative summary of the District's overall financial position, as of March 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 1,355	\$ 71
Capital assets	<u>6,198,532</u>	<u>2,854,063</u>
Total assets	<u>6,199,887</u>	<u>2,854,134</u>
Current liabilities	32,695	22,770
Long-term liabilities	<u>6,367,532</u>	<u>2,974,063</u>
Total liabilities	<u>6,400,227</u>	<u>2,996,833</u>
Net position		
Unrestricted	<u>\$ (200,340)</u>	<u>\$ (142,699)</u>

**Liberty County Municipal Utility District No. 9**  
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The total net position of the District decreased during the current fiscal year by \$57,641. A comparative summary of the District's *Statement of Activities* for the current and prior fiscal year (unaudited) is as follows:

	<u>2025</u>	<u>2024</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>
Expenses		
Operating and administrative	<u>57,641</u>	<u>86,667</u>
Change in net position	<u>(57,641)</u>	<u>(86,667)</u>
Net position, beginning of year	<u>(142,699)</u>	<u>(56,032)</u>
Net position, end of year	<u><u>\$ (200,340)</u></u>	<u><u>\$ (142,699)</u></u>

**Financial Analysis of the District's General Fund**

Fund balance in the District's General Fund, as of March 31, 2025, was negative \$31,340. A comparative summary of the General Fund's financial position as of March 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Total assets	<u><u>\$ 1,355</u></u>	<u><u>\$ 71</u></u>
Total liabilities	<u>\$ 32,695</u>	<u>\$ 22,770</u>
Total fund balance	<u>(31,340)</u>	<u>(22,699)</u>
Total liabilities and fund balance	<u><u>\$ 1,355</u></u>	<u><u>\$ 71</u></u>

A comparative summary of the General Fund's activities for the current and prior fiscal year (unaudited) is as follows:

	<u>2025</u>	<u>2024</u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>(57,641)</u>	<u>(86,667)</u>
Revenues under expenditures	<u>(57,641)</u>	<u>(86,667)</u>
Other changes in fund balance	<u>49,000</u>	<u>120,000</u>
Net change in fund balance	<u><u>\$ (8,641)</u></u>	<u><u>\$ 33,333</u></u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from developer advances, which are provided as needed to pay operating costs. The deficit fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

**Liberty County Municipal Utility District No. 9**  
**Management's Discussion and Analysis**  
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## **General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$8,641 less than budgeted. The *Budgetary Comparison Schedule* on page 26 of this report provides variance information per financial statement line item.

## **Capital Assets**

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at March 31, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Capital assets not being depreciated		
Land and improvements	\$ 6,198,532	\$ 2,854,063

Capital asset additions during the current fiscal year include detention and drainage facilities.

The District and the City of Dayton (the "City") have entered into an agreement which obligates the District to construct water, wastewater, and certain storm drainage, firefighting and road facilities to serve the District and, when completed, to convey title to the facilities to the City. Detention facilities and certain other capital assets are retained by the District.

## **Long-Term Debt and Related Liabilities**

As of March 31, 2025, the District owes approximately \$6,367,532 to its developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 5, the District has an additional commitment in the amount of \$15,600,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

At March 31, 2025, the District had \$254,500,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer, drainage and storm sewer systems within the District and \$254,500,000 for the refunding of such bonds; \$87,000,000 for road improvements and \$87,000,000 for the refunding of such bonds; and \$13,750,000 for fire-fighting facilities and \$13,750,000 for the refunding of such bonds.

***Liberty County Municipal Utility District No. 9***  
***Management's Discussion and Analysis***  
***March 31, 2025***

## **Property Taxes**

For the 2025 tax year, the District's property tax base is \$22,855,706 and has levied a maintenance tax rate of \$0.40 per \$100 of assessed value. The District did not levy a tax during the 2024 tax year.

## **Next Year's Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from developer advances and the projected cost of operating the District. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ -	\$ -
Total expenditures	<u>(57,641)</u>	<u>(172,610)</u>
Revenues under expenditures	(57,641)	(172,610)
Other changes in fund balance	<u>49,000</u>	<u>172,610</u>
Net change in fund balance	(8,641)	
Beginning fund balance	<u>(22,699)</u>	<u>(31,340)</u>
Ending fund balance	<u><u>\$ (31,340)</u></u>	<u><u>\$ (31,340)</u></u>

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## **Basic Financial Statements**

***Liberty County Municipal Utility District No. 9***  
***Statement of Net Position and Governmental Fund Balance Sheet***  
***March 31, 2025***

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 1,355	\$ -	\$ 1,355
Capital assets not being depreciated		6,198,532	6,198,532
Total Assets	<u>\$ 1,355</u>	<u>6,198,532</u>	<u>6,199,887</u>
<b>Liabilities</b>			
Accounts payable	\$ 32,695		32,695
Due to developer		6,367,532	6,367,532
Total Liabilities	<u>32,695</u>	<u>6,367,532</u>	<u>6,400,227</u>
<b>Fund Balance/Net Position</b>			
<b>Fund Balance</b>			
Unassigned		(31,340)	31,340
Total Liabilities and Fund Balance	<u>\$ 1,355</u>		
<b>Net Position</b>			
Unrestricted		(200,340)	(200,340)
Total Net Position	<u>\$ (200,340)</u>		<u>\$ (200,340)</u>

See notes to basic financial statements.

*Liberty County Municipal Utility District No. 9*  
*Statement of Activities and Governmental Fund Revenues, Expenditures*  
*and Changes in Fund Balance*  
*For the Year Ended March 31, 2025*

	General Fund	Adjustments	Statement of Activities
	\$ -	\$ -	\$ -
<b>Revenues</b>			
<b>Expenditures/Expenses</b>			
Operating and administrative			
Professional fees	38,340		38,340
Contracted services	6,717		6,717
Administrative	9,954		9,954
Other	2,630		2,630
Total Expenditures/Expenses	<u>57,641</u>		<u>57,641</u>
<b>Revenues Under Expenditures</b>	(57,641)		57,641
<b>Other Financing Sources</b>			
Developer advances	<u>49,000</u>		<u>(49,000)</u>
<b>Net Change in Fund Balances</b>	(8,641)	8,641	
<b>Change in Net Position</b>		(57,641)	(57,641)
Fund Balance/Net Position			
Beginning of the year	(22,699)	(120,000)	(142,699)
<b>End of the year</b>	<u>\$ (31,340)</u>	<u>\$ (169,000)</u>	<u>\$ (200,340)</u>

See notes to basic financial statements.

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**Liberty County Municipal Utility District No. 9**

**Notes to Financial Statements**

**March 31, 2025**

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Liberty County Municipal Utility District No. 9 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to a Texas Commission on Environmental Quality (“TCEQ”) order dated November 17, 2022, pursuant to Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on December 16, 2022.

The District’s primary activities include construction of water, sewer, drainage, firefighting and road facilities within the District. As further discussed in Note 7, the District transfers these facilities, with the exception of detention and drainage facilities, to the City of Dayton upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District’s principal financial resources are developer advances. Expenditures include costs associated with the daily operations of the District.

**Liberty County Municipal Utility District No. 9**

**Notes to Financial Statements**

**March 31, 2025**

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full 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 revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

***Liberty County Municipal Utility District No. 9***

***Notes to Financial Statements***

***March 31, 2025***

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - deficit balances in the General Fund.

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

**Liberty County Municipal Utility District No. 9**

**Notes to Financial Statements**

**March 31, 2025**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, the useful lives and impairment of capital assets; the value of amounts due to developers; and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental fund	\$ (31,340)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	6,198,532
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of amounts due to developer.	(6,367,532)
<hr/> Total net position - governmental activities	<hr/> \$ (200,340)

**Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities***

Net change in fund balances - total governmental fund	\$ (8,641)
Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. The difference during the current fiscal year is for developer advances.	(49,000)
<hr/> Change in net position of governmental activities	<hr/> \$ (57,641)

**Liberty County Municipal Utility District No. 9**

**Notes to Financial Statements**

**March 31, 2025**

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

**Note 4 – Capital Assets**

A summary of changes in capital assets, for the year ended March 31, 2025, is as follows:

	<u>Beginning Balances</u>		<u>Ending Balances</u>
		<u>Additions</u>	
Capital assets not being depreciated			
Land and improvements	\$ 2,854,063	\$ 3,344,469	\$ 6,198,532

**Liberty County Municipal Utility District No. 9**

**Notes to Financial Statements**

**March 31, 2025**

**Note 5 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, storm sewer, and firefighting facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developer, beginning of year	\$ 2,974,063
Developer funded construction	3,344,469
Operating advances from developer	49,000
Due to developer, end of year	<u><u>\$ 6,367,532</u></u>

In addition, the District will owe the developers approximately \$15,600,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developers is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Rolke Road Street Dedication - utilities and paving	\$ 8,990,000
Rolke Road - public improvements	<u>6,610,000</u>
	<u><u>\$ 15,600,000</u></u>

\* Rounded to the nearest \$10,000

**Note 6 – Long-Term Debt**

At March 31, 2025, the District had \$254,500,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer, drainage and storm sewer systems within the District and \$254,500,000 for the refunding of such bonds; \$87,000,000 for road improvements and \$87,000,000 for the refunding of such bonds; and \$13,750,000 for firefighting facilities and \$13,750,000 for the refunding of such bonds.

***Liberty County Municipal Utility District No. 9***

***Notes to Financial Statements***

***March 31, 2025***

**Note 7 – Property Taxes**

On May 6, 2023, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to \$0.25 per \$100 of assessed value.

**Note 8 – Utility Agreement with the City of Dayton**

On December 16, 2022, the District entered into a utility agreement with the City of Dayton (the "City") for construction and extension of water distribution lines, sanitary sewer collection systems and drainage, firefighting and road facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 30 years.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

**Note 9 – Tri-Party Agreement**

On April 15, 2024, the District, the City of Dayton Tax Increment Reinvestment Zone No. 1 (the "Zone"), and the City of Dayton (the "City") entered into a Tri-Party Agreement for the purpose of constructing TIRZ Projects which include various public works and improvements. The District agrees to assist the City in the implementation of the TIRZ Projects and in the funding, ownership, operation and maintenance of the TIRZ Projects. The Tri-Party Agreement authorized the District to issue TIRZ revenues bonds payable from tax increment revenues.

Pursuant to the Tri-Party Agreement, the City established a Tax Increment Fund, which includes subaccounts for the Zone Increment (increment collected within the entire TIRZ for certain TIRZ projects) and for the CMC Increment (increment collected within only the CMC Tract for certain Zone projects). The City, on behalf of the TIRZ, will pay the District, no later than the first business day following each March 31 and September 30 all monies available in the City's Tax Increment Fund. Any incremental growth in the taxable assessed value over the base is considered a "tax increment". The District created a TIRZ Revenue Fund for the purpose of receiving the Tax Increment from the City and paying debt service on the District's tax increment contract revenue bonds.

The term of the Agreement will expire upon the latest of the termination of all obligations of the Master Development and Reimbursement Agreement between the City and developer as amended and dated October 17, 2022, have been satisfied, the full payment or defeasance of all TIRZ Revenues Bonds, or the satisfaction of all District obligations and no later than the termination of the Zone. The Zone expires December 31, 2048. As of March 31, 2025, the District has not received any tax increments from the City.

***Liberty County Municipal Utility District No. 9***

***Notes to Financial Statements***

***March 31, 2025***

**Note 10 – Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 11 – Economic Dependency**

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and to pay property taxes will directly affect the District's ability to meet its future obligations.

**Note 12 – Subsequent Event**

On January 16, 2026, the District approved a preliminary official statement and notice of sale for its Series 2026 Unlimited Tax Road Bonds in the amount of \$3,225,000. The acceptance of bids and award of sale is scheduled for February 19, 2026. Proceeds of the bonds will primarily be used to reimburse developers infrastructure improvements within the District.

## **Required Supplementary Information**

*Liberty County Municipal Utility District No. 9*  
*Required Supplementary Information - Budgetary Comparison Schedule - General Fund*  
*For the Year Ended March 31, 2025*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Operating and administrative			
Professional fees	107,500	38,340	69,160
Contracted services	16,000	6,717	9,283
Administrative	12,375	9,954	2,421
Other	2,500	2,630	(130)
Total Expenditures	<u>138,375</u>	<u>57,641</u>	<u>80,734</u>
<b>Revenues Under Expenditures</b>	(138,375)	(57,641)	80,734
<b>Other Financing Sources</b>			
Developer advances	<u>138,375</u>	<u>49,000</u>	<u>(89,375)</u>
<b>Net Change in Fund Balance</b>		(8,641)	(8,641)
<b>Fund Balance</b>			
Beginning of the year	(22,699)	(22,699)	
<b>End of the year</b>	<u>\$ (22,699)</u>	<u>\$ (31,340)</u>	<u>\$ (8,641)</u>

***Liberty County Municipal Utility District No. 9***  
***Notes to Required Supplementary Information***  
***March 31, 2025***

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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## **Texas Supplementary Information**

**Liberty County Municipal Utility District No. 9**

**TSI-1. Services and Rates**

**March 31, 2025**

**1. Services provided by the District During the Fiscal Year:**

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Solid Waste / Garbage	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks / Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Roads	<input type="checkbox"/> Security
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)			
<input type="checkbox"/> Other (Specify): _____			

**2. Retail Service Providers** \_\_\_\_\_ N/A

**a. Retail Rates for a 5/8" meter (or equivalent):**

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \_\_\_\_\_

**b. Water and Wastewater Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____		_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

**Liberty County Municipal Utility District No. 9**

**TSI-1. Services and Rates**

**March 31, 2025**

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>N/A</u>	(Gallons billed / Gallons pumped)
		<u>N/A</u>

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

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located: Liberty County

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

City(ies) in which the District is located: City of Dayton

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

Entirely  Partly  Not at all

ETJs in which the District is located: \_\_\_\_\_

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

See accompanying auditor's report.

*Liberty County Municipal Utility District No. 9*  
*TSI-2. General Fund Expenditures*  
*For the Year Ended March 31, 2025*

Professional fees	
Legal	<u>\$ 38,340</u>
Contracted services	
Bookkeeping	<u>6,717</u>
Administrative	
Directors fees	
Printing and office supplies	79
Insurance	3,069
Other	<u>6,806</u>
	<u>9,954</u>
Other	<u>2,630</u>
Total expenditures	<u>\$ 57,641</u>

See accompanying auditor's report.

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*Liberty County Municipal Utility District No. 9*  
*TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund*  
*For the Last Three Fiscal Years*

	Amounts		
	2025	2024*	2023*
Total Revenues	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Operating and administrative			
Professional fees	38,340	63,549	42,694
Contracted services	6,717	10,469	4,137
Administrative	9,954	8,899	7,557
Other	2,630	3,750	1,644
Total Expenditures	<u>57,641</u>	<u>86,667</u>	<u>56,032</u>
Revenues Under Expenditures	(57,641)	(86,667)	(56,032)
<b>Other Financing Sources</b>			
Developer advances	<u>49,000</u>	<u>120,000</u>	
Net Change in Fund Balance	(8,641)	33,333	(56,032)
Fund Balance, Beginning of the year	(22,699)	(56,032)	
<b>End of the year</b>	<u><u>\$ (31,340)</u></u>	<u><u>\$ (22,699)</u></u>	<u><u>\$ (56,032)</u></u>

\*Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024*	2023*
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

**Liberty County Municipal Utility District No. 9**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended March 31, 2025**

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027  
District Business Telephone Number: (713) 860-6400  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): August 18, 2025  
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid		Expense Reimburse- ments		Title at Year End
		*				
Board Members						
Theodore Harper	05/24 - 05/28	\$ 221	\$ -			President
Jeff Nations	05/23 - 05/26		221			Vice President
Micky Ray	05/23 - 05/26		221			Secretary
William DiNapoli	05/23 - 05/26					Assistant Secretary
Jim Wambaugh	05/23 - 05/26		663			Assistant Vice President
Consultants		Amounts Paid				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2022	\$ 35,515				Attorney
Municipal Accounts & Consulting, L.P.	2022	7,180				Bookkeeper
Utility Tax Service, LLC	2022					Tax Collector
Liberty Central Appraisal District	Legislation					Property Valuation
Gannett Fleming, Inc.	2022					Engineer
McGrath & Co., PLLC	2022					Auditor
Post Oak Municipal Advisors, LLC	2022					Financial Advisor

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

See accompanying auditor's report.