This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2026

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the District (defined herein) after the date of initial delivery of the Bonds described below (the "Bonds") with certain covenants contained in the Bond Order (defined below) authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein.

The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: Underlying "Baa2" Moody's**
CUSIP Prefix No. 22769M **See "MUNICIPAL BOND RATING" herein**

$5,800,000
CROSSWINDS MUNICIPAL UTILITY DISTRICT
(A political subdivision of the State of Texas, located in Hays County)
UNLIMITED TAX UTILITY BONDS
SERIES 2026

Dated: December 1, 2026 **Due: April 1 (as shown below)**

Interest on the $5,800,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds") will accrue from December 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (identified herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A. in Austin, Texas. See "THE BONDS – Paying Agent/Registrar."

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$110,000	2029	%	%	$225,000	2042(b)	%	%
$115,000	2030	%	%	$240,000	2043(b)	%	%
$125,000	2031	%	%	$255,000	2044(b)	%	%
$130,000	2032(b)	%	%	$270,000	2045(b)	%	%
$140,000	2033(b)	%	%	$285,000	2046(b)	%	%
$145,000	2034(b)	%	%	$300,000	2047(b)	%	%
$155,000	2035(b)	%	%	$315,000	2048(b)	%	%
$165,000	2036(b)	%	%	$335,000	2049(b)	%	%
$170,000	2037(b)	%	%	$350,000	2050(b)	%	%
$180,000	2038(b)	%	%	$370,000	2051(b)	%	%
$190,000	2039(b)	%	%	$395,000	2052(b)	%	%
$205,000	2040(b)	%	%	$415,000	2053(b)	%	%
$215,000	2041(b)	%	%				

(a) The initial reoffering yields are established by and are the sole responsibility of the Initial Purchaser (defined herein) and may be subsequently changed.

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District, on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Crosswinds Municipal Utility District (the "District") to: (1) reimburse the Developer (defined herein) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and related engineering costs; (2) fund developer interest related to the advancement of funds for certain costs; and (3) pay certain administrative costs and costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Hays County, the City of Kyle, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Hays County, or the City of Kyle are pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Austin, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 15, 2026.

Bids Due: Thursday, November 19, 2026 at 9:00 A.M. Houston Time
Bid Award: Thursday, November 19, 2026 at 1:00 P.M. Houston Time

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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 (the "Rule"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by the Rule.

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

This Official Statement is not to be used in connection with 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 registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Winstead PC, 600 W. 5th Street, Suite 900, Austin, TX, 78701, for further information.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, 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 (hereinafter defined) and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement."

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 preliminary official statement for purposes of, and as that term is defined in, Rule 15c2-12.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net effective interest rate to the District, which was tendered by _____ (the "Initial Purchaser"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of _____% of par 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.

The Initial Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial offering prices may be changed from time to time by the Initial Purchaser.

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE INITIAL PURCHASER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12

In the order authorizing the issuance of the Bonds (the "Bond Order"), the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain 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 updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT" (except for "– Estimated Overlapping Debt"), "DISTRICT TAX DATA," and "APPENDIX A" (Audited Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements if it 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, the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA 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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties. "Financial obligation" in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with,

or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. 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 EMMA

The District has agreed to provide the foregoing updated information only to the information vendors described above. The information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material 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 holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

No default by the District with respect to its continuing disclosure agreement shall constitute a breach of or default under the Bond Order for purposes of any other provision of the Bond Order. Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws. The District's undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions.

The District may amend its continuing disclosure agreement from time to time to adapt to 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 and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders 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 Order 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 have prevented 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

During the last five years, the District has complied in all material aspects with its previous continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MUNICIPAL BOND RATING

In connection with the sale of the Bonds the District has made application to Moody's Investors Service, Inc. ("Moody's") which has assigned a rating of "Baa2" on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if in the judgment of Moody's circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

The District has applied to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. The Initial Purchaser (as defined herein) may bid for the Bonds with or without bond insurance. If the Initial Purchaser bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by

the Initial Purchaser. The District will pay for the cost of the Moody's rating. The Initial Purchaser must pay for the cost of any rating other than the Moody's rating. If the Initial Purchaser purchases the Bonds with bond insurance and subsequent to the sale date and prior to the closing date, the bond insurer's credit rating is downgraded the Initial Purchaser is still obligated to accept delivery of the Bonds. Information relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

Description: The $5,800,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"), are dated December 1, 2026. The Bonds represent the ninth series of bonds to be issued by Crosswinds Municipal Utility District (the "District"), and the fifth of such bonds to be issued for the purpose of constructing or acquiring a utility system to serve the District. The Bonds mature on April 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District, an approving order of the Texas Commission on Environmental Quality, and an election held within the District. See "THE BONDS."

Source of Payment: The Bonds are payable from a continuing, direct, annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Hays County, the City of Kyle, or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."

Redemption Provisions: The Bonds maturing on or after April 1, 2032, are subject to early redemption in whole or in part from time to time at the option of the District, on April 1, 2031, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption."

Book-Entry-Only System: The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Payment Record: The District has previously issued four (4) series of unlimited tax road bonds and four (4) series of unlimited tax utility bonds, of which $43,925,000 principal amount was outstanding as of October 1, 2026 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of or interest on the Outstanding Bonds. See "DISTRICT DEBT."

Use of Bond Proceeds: Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and related engineering costs; (2) fund developer interest related to the advancement of funds for certain costs; and (3) pay certain administrative costs and costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS."

Qualified Tax-Exempt Obligations: The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Rating: In connection with the sale of the Bonds the District has made application to Moody's Investors Service, Inc. ("Moody's") which has assigned a rating of "Baa2" on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. See "MUNICIPAL BOND RATING."

Bond Insurance: The District has applied to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. The Initial Purchaser (as defined herein) may bid for the Bonds with or without bond insurance. If the Initial Purchaser bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Initial Purchaser. Information

relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale. See “BOND INSURANCE.”

Legal Opinion: Winstead PC, Bond Counsel, Austin, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”

Paying Agent/Registrar: UMB Bank, N.A., Austin, Texas. See “THE BONDS – Paying Agent/Registrar.”

Rick Factors: The Bonds are subject to certain investment considerations, as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

THE DISTRICT

Authority: The District is a municipal utility district created by an Act of the 83rd Texas Legislative Session effective June 14, 2013 (codified as Chapter 8468, Texas Special District Local Laws Code). The District was created pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and operates pursuant thereto, to Article III, Section 52 of the Texas Constitution, and to Chapters 49 and 54, Texas Water Code, as amended. In 2015, the 84th Texas Legislature amended the District’s powers to add, among other matters, road powers pursuant to Article III, Section 52 of the Texas Constitution. See "THE DISTRICT – Authority."

Description and Location: The District, as it was originally created, included approximately 445 acres. Since its creation, the District has not excluded any tracts of land and has not annexed any tracts of land. The District is located in eastern Hays County, Texas and is further located approximately five (5) miles northeast of the central business district of the City of Kyle, Texas (the “City”) and approximately 20 miles south of the central business district of the City of Austin, Texas. The District lies south of Windy Hill Road (County Road 131) and approximately two (2) miles east of Interstate Highway 35. The District is located entirely within the exclusive extraterritorial jurisdiction of the City and within Hays Consolidated Independent School District. Residents gain access to the District by traveling north from the City’s central business district on Interstate Highway 35, east on Windy Hill Road (County Road 131), and south on Crosswinds Parkway. See “THE DISTRICT – Description and Location.”

Development of the District: The District is being developed for single-family residential purposes in the subdivision known as Crosswinds. Homebuilding in the District has taken place in Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A and 6B. As of October 1, 2026, the District included approximately 1,087 completed homes, approximately 22 homes under construction, and approximately 294 vacant developed lots. According to the Developer (defined herein), of the 1,109 homes that were either complete or under construction, approximately 1,081 homes were either occupied by homeowners or had been sold to a homebuyer, and seven (7) homes were being used as model homes. See "THE DISTRICT – Status of Residential Development."

Summary of Land Uses: As of October 1, 2026, the District included approximately 238 acres that have been developed with utilities and improved for single-family residential purposes, no acreage currently under development or available for future development, and approximately 207 undevelopable acres, which includes all of the land within the District that is not attributable to a single-family residential lot, including a detention pond, drainage easements, pump stations, road rights-of-way, water and wastewater plant sites, open space, park and recreational facilities, a school site, and a recreational and amenity center serving the District’s residents. See “THE DISTRICT – Summary of Land Use.”

The Developer: The original developer of the District was EB Windy Hill LP, a Texas limited partnership, who sold its interest in the property to Development Solutions CW, LLC, a Delaware limited liability company and a special purpose entity created solely for the purpose of developing the land within the District and marketing developed lots and developed tracts of land in the District. On December 13, 2021, the assets and certain obligations of Development Solutions CW, LLC were acquired by CF CSLK XWIND, LLC, a Delaware limited liability company (herein the “Developer”). The Developer is a special purpose entity created solely for the purpose of developing the land within the District and marketing developed lots and developed tracts of land in the District. The sole member of the Developer (the “Sole Member”) is controlled by a private investment manager.

The Developer entered into a development management agreement on December 13, 2021 (herein the “Management Agreement”) with SR Capital Management (previously Crosswinds Allegiant Development, LLC and referred to herein as the “Development Manager”) to provide for management of the day-to-day land development activities associated with the initiation and completion of the land development project within the District. These management activities include pre-development coordination and supervision of Developer’s consultants and professionals, execution of the approved project plans and specifications, and supervising lot marketing and sales. The Development Manager includes several individuals that have

worked together on real estate investments over the course of the last several years. Management of the Development Manager is handled by James A. Siepiela and Gregory L. Rich, who have the primary responsibility for managing the affairs thereof. Mr. Siepiela and Mr. Rich have a combined 85 years of experience developing projects in Texas and have worked together on land development projects for over 30 years. See "THE DISTRICT'S DEVELOPER."

Homebuilders: Homes in Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B are being constructed on 40-foot, 50-foot, and 60-foot lots and have been, or are currently being constructed by Highland Homes, Meritage Homes, Pacesetter Homes, Brightland Homes, MileStone Homes, Perry Homes, Pulte Homes, and Century Communities (the "Homebuilders"). Homes in the District have been, or are currently being marketed in the $300,000–$593,500 price range. See "THE DISTRICT – Status of Residential Development," "THE DISTRICT'S DEVELOPER – The Homebuilders," and "DISTRICT TAX DATA – Principal Taxpayers."

Water and Wastewater Facilities Agreement: Water supply and wastewater treatment facilities serving the District are provided by the City pursuant to the terms of an agreement (the "Water and Wastewater Agreement") entered into on July 30, 2015, and to continue for a period of 30 years. The term of the Water and Wastewater Agreement may be extended by mutual agreement of the District and the City. The Water and Wastewater Agreement provides that the Developer (on behalf of the District) or the District will construct all of the system improvements located within the District, and certain off-site system improvements, according to all of the appropriate regulatory standards. All of the system improvements needed to serve Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B have been constructed by the Developer and approved by the City. The Water and Wastewater Agreement provides that as the system improvements in the District and the off-site improvements are completed by the Developer and approved by the City, such improvements are conveyed by the District to the City. The District will maintain an ownership interest in the capacity of water and wastewater system to ensure water and wastewater service. The Water and Wastewater Agreement provides for certain cost-sharing, and development related fee credits between the City, the District, and the Developer.

The Water and Wastewater Agreement requires the City to provide the District with water supply capacity from the City's system (as defined in the Water and Wastewater Agreement) capable of serving 1,500 living unit equivalents ("LUEs"). Additional system improvements, such as the construction of a water supply tower and other improvements, must be made by the Developer, on behalf of the District, in order for the City to provide the District with water supply capacity in excess of 500 LUE's. The Water and Wastewater Agreement requires the City to provide the District with wastewater capacity from the City's system (as defined in the Water and Wastewater Agreement) capable of serving 1,500 LUEs. In order to satisfy the requirements for receiving water supply capacity in excess of 500 LUEs, the District awarded construction contracts for a 150,000-gallon elevated storage tank and a 180,000-gallon ground storage tank, including a pump station, all appurtenances, site grading, and security site fencing improvements in aid thereof. Construction of such improvement is complete and such facilities are operational. The City currently has adequate permitted wastewater treatment capacity to serve the ultimate buildout of the Crosswinds subdivision. The District has satisfied all of the conditions in the Water and Wastewater Agreement necessary for the District to have access to the wastewater treatment and disposal capacities noted above. See "THE SYSTEM – Water Supply and Wastewater Treatment Facilities Serving the District."

Drainage System: The underground storm sewer facilities to serve Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B are complete. The natural course of drainage in the District flows in a southerly direction and eventually outfalls into Plum Creek. The District's drainage system currently includes collection systems, detention facilities, and drainage channels that accommodate the conveyance, detention, release and discharge of stormwater within the District. See "THE SYSTEM – Drainage System."

SELECTED FINANCIAL INFORMATION
(Unaudited)

6/1/2026 Estimated Taxable Value	$443,842,306	(a)
2026 Certified Taxable Value	$395,651,048	(b)
Direct Debt:		
Outstanding Bonds	$43,925,000	
The Bonds	$5,800,000	
Total Direct Debt	$49,725,000	
See “DISTRICT DEBT”		
Estimated Overlapping Debt	$35,021.928	(c)
Direct and Estimated Overlapping Debt	$84,746,928	(c)
Percentage of Direct Debt to:		
6/1/2026 Estimated Taxable Value	11.20%	
2026 Certified Taxable Value	12.57%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2026 Estimated Taxable Value	19.09%	
2026 Certified Taxable Value	21.42%	
See “DISTRICT DEBT”		
2026 Tax Rate Per $100 of Assessed Value:		
Utility Debt Service Tax	$0.40	
Road Debt Service Tax	$0.31	
Maintenance Tax	$0.19	
Total 2026 Tax Rate	$0.90	
Cash and Temporary Investment Balances as of October 14, 2026:		
General Fund	$3,597,699	(d)
Utility Debt Service Fund	$494,535	(e)
Road Debt Service Fund	$636,309	(e)

(a) Reflects data supplied by the Hays Central Appraisal District (the “Appraisal District”). The Estimated Taxable Value as of June 1, 2026, was prepared by the Appraisal District and provided to the District. Such value is not binding on the Appraisal District. Any new value since January 1, 2026 will not be included on the District’s tax roll until the 2027 tax roll is prepared and certified by the Appraisal District during the second half of 2027. The District is authorized by law to levy taxes only against certified values. See “DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by the Appraisal District. See "DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) Unaudited figure per the District’s records. See “THE SYSTEM – General Fund Operating History.”

(e) Unaudited figures per the District’s records. Neither Texas law nor the District's Bond Order require that the District maintain any particular balance in the Utility Debt Service Fund or the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on the Bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and “THE BONDS – Funds.”

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the District's Outstanding Bonds and the estimated debt service requirements for the Bonds.

Year	Existing Service Service Requirements	Plus: Debt Service on the Bonds Principal	Plus: Debt Service on the Bonds Interest (a)	Total Debt Service Requirements (a)
2026	$2,476,316	-	-	$2,476,316
2027	$2,732,142	-	$265,833	$2,997,975
2028	$2,942,192	-	$319,000	$3,261,192
2029	$2,919,767	$110,000	$315,975	$3,345,742
2030	$2,913,273	$115,000	$309,788	$3,338,061
2031	$2,907,167	$125,000	$303,188	$3,335,355
2032	$2,943,767	$130,000	$296,175	$3,369,942
2033	$2,946,704	$140,000	$288,750	$3,375,454
2034	$2,943,751	$145,000	$280,913	$3,369,664
2035	$2,939,914	$155,000	$272,663	$3,367,576
2036	$2,943,204	$165,000	$263,863	$3,372,066
2037	$2,992,560	$170,000	$254,650	$3,417,210
2038	$2,987,789	$180,000	$245,025	$3,412,814
2039	$2,984,129	$190,000	$234,850	$3,408,979
2040	$3,015,491	$205,000	$223,988	$3,444,479
2041	$3,031,505	$215,000	$212,438	$3,458,942
2042	$3,023,025	$225,000	$200,338	$3,448,363
2043	$3,020,169	$240,000	$187,550	$3,447,719
2044	$3,042,315	$255,000	$173,938	$3,471,253
2045	$3,059,166	$270,000	$159,500	$3,488,666
2046	$3,046,286	$285,000	$144,238	$3,475,523
2047	$2,853,191	$300,000	$128,150	$3,281,341
2048	$2,652,653	$315,000	$111,238	$3,078,890
2049	$2,502,241	$335,000	$93,363	$2,930,603
2050	$1,292,431	$350,000	$74,525	$1,716,956
2051	$780,300	$370,000	$54,725	$1,205,025
2052	-	$395,000	$33,688	$428,688
2053	-	$415,000	$11,413	$426,413
TOTALS	**$71,891,446**	**$5,800,000**	**$5,459,758**	**$83,151,205**

Maximum Annual Debt Service Requirements (2045)..... $3,488,666 (a) (b)

Requires a $0.83 debt service tax rate on the June 1, 2026 Estimated Taxable Value of $443,842,306 at 95% collections ..... $3,491,264 (a) (b)

Requires a $0.93 debt service tax rate on the 2026 Certified Taxable Value of $395,651,048 at 95% collections ..... $3,491,818 (a) (b)

(a) Preliminary, subject to change.

(b) A certain portion of the maximum annual debt service requirement will be paid for with the District's utility debt service tax rate and a certain portion will be paid for with the District's road debt service tax rate. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

PRELIMINARY OFFICIAL STATEMENT

relating to

$5,800,000

CROSSWINDS MUNICIPAL UTILITY DISTRICT
(A political subdivision of the State of Texas, located in Hays County)

UNLIMITED TAX UTILITY BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $5,800,000 Crosswinds Municipal Utility District Unlimited Tax Utility Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of Crosswinds Municipal Utility District (the "District"), an approving order of the Texas Commission on Environmental Quality (“TCEQ”), and an election held within the District.

This Official Statement includes descriptions of the Bonds, the Bond Order, and certain information about the District and its financial condition and the developers in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from General Counsel (identified herein) to the District upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Hays County, the City of Kyle (the “City”), or any other political subdivision. The Bonds are payable from a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. See “THE BONDS – Source of and Security for Payment.” The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to justify the continued payment of taxes by property owners.

Marketability

The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price 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 more generally bought, sold or traded in the secondary market.

Tax Collections

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 impaired by: (a) repetitive, annual, expensive collection procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. 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.

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the 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 Order. Except for mandamus, the Bond Order 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 governmental immunity from suits for money damages. Even if such governmental immunity were waived and a judgment against the District for money damages were obtained, the judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District 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 laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) 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. Note, however, that Texas law requires a conservation and reclamation district such as the District to obtain approval from the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

The District may not be placed into bankruptcy involuntarily.

Approval of the Bonds

As required by law, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Economic Factors

Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The return of long-term interest rates at higher levels may negatively affect home sales and the maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements within the market area in which the District is located. Such sites could pose competition to the continued homebuilding development on comparable sites within the District.

Landowners/Developer/Homebuilders under No Obligation to the District

The Developer and the Homebuilders do not have any commitments or obligations to proceed at any particular rate or according to any specified plan with the construction of homes in the District. Currently, there is no restriction on the Developer's sale of its land. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the District. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of any of such principal taxpayers will be or what effect, if any, such conditions may have on their ability to pay taxes. See "THE DISTRICT'S DEVELOPER" and "DISTRICT TAX DATA – Principal Taxpayers."

Operating Funds

Landowners within the District receive water and wastewater service from the City. The District does not operate the water and wastewater system and therefore does not receive payments from customers for water and wastewater service on a monthly basis. Prior to May 13, 2021, pursuant to the terms and conditions of the lot sale contracts by and between the Developer and the Homebuilders and a resolution adopted by the District, the District received a water and wastewater service availability fee and a permit fee from the Homebuilders each time a tap was made for a residential home located in the District. The water and wastewater service availability fee of $4,500 per platted lot and permit fee of $1,000 per platted lot were intended to defray the costs of service availability and connection to the water and wastewater system within the District and fluctuated with homebuilding activity. Effective May 13, 2021, the District amended its resolution regarding the payment of water and wastewater service availability fees and permit fees payable by the Homebuilders to the District. The amended resolution terminated such requirement of the Homebuilders to pay the water and wastewater service availability fees and permit fees to the District and, therefore, the District no longer receives revenues from such fees into its General Fund.

The District levied a 2026 maintenance tax in the amount of $0.19 per $100 of assessed valuation. The revenue produced from the District's annual maintenance tax levy in the future must be sufficient to offset the operating expenses of the District. The District's 2026 maintenance tax levy amount is approximately $751,737, which will be deposited into the District's General Fund. As of October 14, 2026, the District's General Fund had an unaudited cash and investment balance of $3,597,699. For the fiscal year ending September 30, 2026, the District's General Fund has experienced unaudited expenditures of $629,357 for the 11-month period ended August 31, 2026. For the fiscal year ending September 30, 2027, the District is currently budgeting General Fund expenditures of $688,312. Continued maintenance of a positive General Fund balance will depend upon development and increased amounts of maintenance tax revenue. If the District's General Fund balance is depleted, then the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such tax, when added to the District's debt service tax rates, may result in a total District tax which could adversely affect continued development of the District, as well as the willingness of the taxpayers in the District to pay taxes on their property. The District currently plans to manage its debt service and operating expenditure requirements with a total tax rate of $0.90 per $100 of assessed valuation. See "THE SYSTEM – General Fund Operating History."

Dependence on Major Taxpayers and the Developer

The District's principal taxpayers include the Developer and the Homebuilders, which collectively represent approximately $28,653,839 of assessed valuation, or approximately 6.48% of the District's 2026 certified assessed valuation. If the Developer and the Homebuilders were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its Utility Debt Service Fund or Road Debt Service Fund. See "Tax Collections" herein, "DISTRICT TAX DATA – Principal Taxpayers," and "TAXING PROCEDURES – Assessment and Levy."

The Developer has sold substantially all of its land holdings in the District to various homebuilders, including MileStone Homes, Perry Homes, and Pulte Homes. MileStone Homes, Perry Homes, and Pulte Homes are responsible for the development of the land and lots in their respective tracts, while the Developer retains ownership of the reimbursable development costs to be received from the District. The Developer, along with MileStone Homes, Perry Homes, and Pulte Homes, has no commitment or obligation to proceed at any particular rate or according to any specified plan with the construction of homes in the District. Thus, the furnishing of information related to any proposed homebuilding should not be interpreted as such a commitment and the District makes no representation about the probability of future homebuilding continuing in a timely manner. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer, the Homebuilders, or any other landowner. See "THE DISTRICT'S DEVELOPER."

Development and Home Construction in the District

The District includes vacant developed lots that remain available for home construction and which are either owned by the Homebuilders or the Developer. Failure of the Developer or the Homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and other tax-supported obligations of the District. Future increases in the District's taxable value will result primarily from the construction of additional homes by the Homebuilders. See "– Dependence on Future Development and Potential Impact on District Tax Rates" below.

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2026 tax rate is $0.90 per $100 of assessed valuation (including operations and maintenance and debt service), which is in line with the tax rate that is common among many other utility districts providing similar services located in Hays County, Texas. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further construction of residential or building development projects within the District other than those that have been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be $3,488,666 (2045; preliminary, subject to change). The June 1, 2026 Estimated Taxable Value of property within the District is $443,842,306. Assuming no increase or decrease from the June 1, 2026 Estimated Taxable Value and no use of other District funds, a combined utility debt service tax rate and road debt service tax rate of $0.83 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 2026 Certified Taxable Value of property within the District is $395,651,048. Assuming no increase or decrease from the 2026 Certified Taxable Value and no use of other District funds, a combined utility debt service tax rate and road debt service tax rate of $0.93 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Future Debt

Pursuant to Article XVI, Section 59 of the Texas Constitution and an election held for and within the District on November 5, 2013, the duly authorized registered voters of the District authorized the District to issue a total of $90,000,000 of unlimited tax bonds and $90,000,000 of refunding bonds for the purposes of providing water, sewer, and drainage facilities and improvements. Pursuant to Article III, Section 52 of the Texas Constitution and an election held for and within the District on November 3, 2015, the duly authorized registered voters of the District authorized the District to issue a total of $35,300,000 of unlimited tax bonds and $45,890,000 of refunding bonds for the purposes of providing road facilities and improvements.

Following the issuance of the Bonds, $60,185,000 of unlimited tax bonds and $90,000,000 of refunding bonds for water, sewer, and drainage facilities and improvements, and $13,860,000 of unlimited tax bonds and $45,890,000 of refunding bonds for road facilities and improvements will remain authorized and unissued.

The District has the right to issue the remaining unissued new money bonds and refunding bonds as may hereafter be approved by the Board. Voters could authorize the issuance of additional bonds in the future, and the District may issue additional refunding bonds without additional elections. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds. Generally, the Board of Directors has indicated that, in the future, new money bonds will be issued in amounts and in timeframes depending upon: (i) the rate of growth of taxable improvements in the District, and (ii) the District's ability to keep the total tax rate at approximately $0.90 per $100 of assessed valuation.

Financing Road Facilities

The District is authorized to develop road facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue road bonds payable from taxes, approval of the bonds by the Attorney General of Texas would be required. The outstanding principal amount of any road bonds issued by the District may not exceed an amount equal to twenty-five percent of the value of taxable real property in the District. The District conducted a road bond election that authorized $35,300,000 of road bonds and $45,890,000 of road refunding bonds at an election held on November 3, 2015, of which $13,860,000 and $45,890,000, respectively, remain authorized but unissued. See "THE ROADS."

Continuing Compliance with Certain Covenants

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

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 TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable 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").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") 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 Austin Area. It is possible that additional controls will be necessary to allow the Austin Area to maintain attainment with the ozone standards. Such additional controls could have a negative impact on the Austin 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 Austin 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 Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("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.

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ's Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

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.

As noted elsewhere in this Official Statement, the City currently provides water and wastewater services within the District.

Bond Insurance Risk Factors

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

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

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

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

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

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

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

Drought Conditions

The Austin area, including the area in and around the District in Hays County, like other areas of the State, is susceptible to drought conditions. The City provides water to the District in amounts sufficient to service the residents of the District. However, if drought conditions occur, water usage and rates could be impacted.

Storm Water

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

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 income tax purposes. Any proposed legislation, whether or not enacted, may 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 proposed, pending, or future legislation.

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and related engineering costs; (2) fund developer interest related to the advancement of funds for certain costs; and (3) pay certain administrative costs and costs related to the issuance of the Bonds.

Carlson, Brigance & Doering, Inc. (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	**Total Amount**	
Developer Contribution Items		
Crosswinds Phase 3A – W, WW, & D	$2,982,797	
Crosswinds Phase 4 – W, WW, & D	$1,087,000	
Engineering	$658,171	
Total Developer Contribution Items	**$4,727,968**	
SUBTOTAL CONSTRUCTION COSTS	**$4,727,968**	
Less Surplus Funds	($664,571)	
TOTAL CONSTRUCTION COSTS	**$4,063,397**	(a)
NON-CONSTRUCTION COSTS		
Legal Fees	$145,000	
Fiscal Agent Fees	$116,000	
Developer Interest	$1,159,622	
Bond Discount	$174,000	
Bond Issuance Expenses	$69,681	
Bond Application Report Costs	$52,000	
Attorney General Fee	$5,800	
TCEQ Bond Issuance Fee	$14,500	
Contingency	$0	(b)
TOTAL NON-CONSTRUCTION COSTS	**$1,736,603**	
TOTAL BOND ISSUE REQUIREMENT	**$5,800,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District has been granted a waiver of such requirement.

(b) The District will designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower interest rate than the estimated rate as a contingency line item in the Final Official Statement. Such funds will be used by the District to fund costs only after approval by the TCEQ.

THE DISTRICT

Authority

The District is a municipal utility district created by an Act of the 83rd Texas Legislative Session effective June 14, 2013 (codified as Chapter 8468, Texas Special District Local Laws Code). The District was created pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and operates pursuant thereto, to Article III, Section 52 of the Texas Constitution, and to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District was granted certain road powers by an Act of the 84th Texas Legislative Session.

In order to obtain the consent of the City, within whose extraterritorial jurisdiction the District lies, to the District's creation, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, drainage, and road facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City's approval of certain of the District's construction plans and specifications.

Description and Location

The District, as it was originally created, included approximately 445 acres. Since its creation, the District has not excluded any tracts of land and has not annexed any tracts of land. The District is located in eastern Hays County, Texas and is further located approximately five (5) miles northeast of the central business district of the City and approximately 20 miles south of the central business district of the City of Austin, Texas. The District lies south of Windy Hill Road (County Road 131) and approximately two (2) miles east of Interstate Highway 35. The District is located entirely within the exclusive extraterritorial jurisdiction of the City and within Hays Consolidated Independent School District. Residents gain access to the District by traveling north from the City's central business district on Interstate Highway 35, east on Windy Hill Road (County Road 131), and south on Crosswinds Parkway. See "– Location Map" and "– Vicinity Map" herein.

Summary of Land Use

A summary of the approximate land use in the District as of October 1, 2026, appears in the following table:

Type of Land Use	Approximate Acres
Fully Developed Acres (a)	238
Acres Under Development	0
Additional Developable Acreage	0
Recreational/Amenity Center	7
Undevelopable Acres (b)	200
Total Approximate Acres	**445**

(a) Represents land located in Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B, which has been developed and improved for single-family residential purposes and is served with water, wastewater, storm drainage and detention, and road facilities. See "– Status of Residential Development" herein.

(b) According to the Engineer, such acreage represents all of the land in the District that is not attributable to a single-family residential lot and includes detention ponds, drainage easements, pump stations, road rights-of-way, water and wastewater plant sites, open space, park and recreational facilities, and a 16-acre school site.

Status of Residential Development

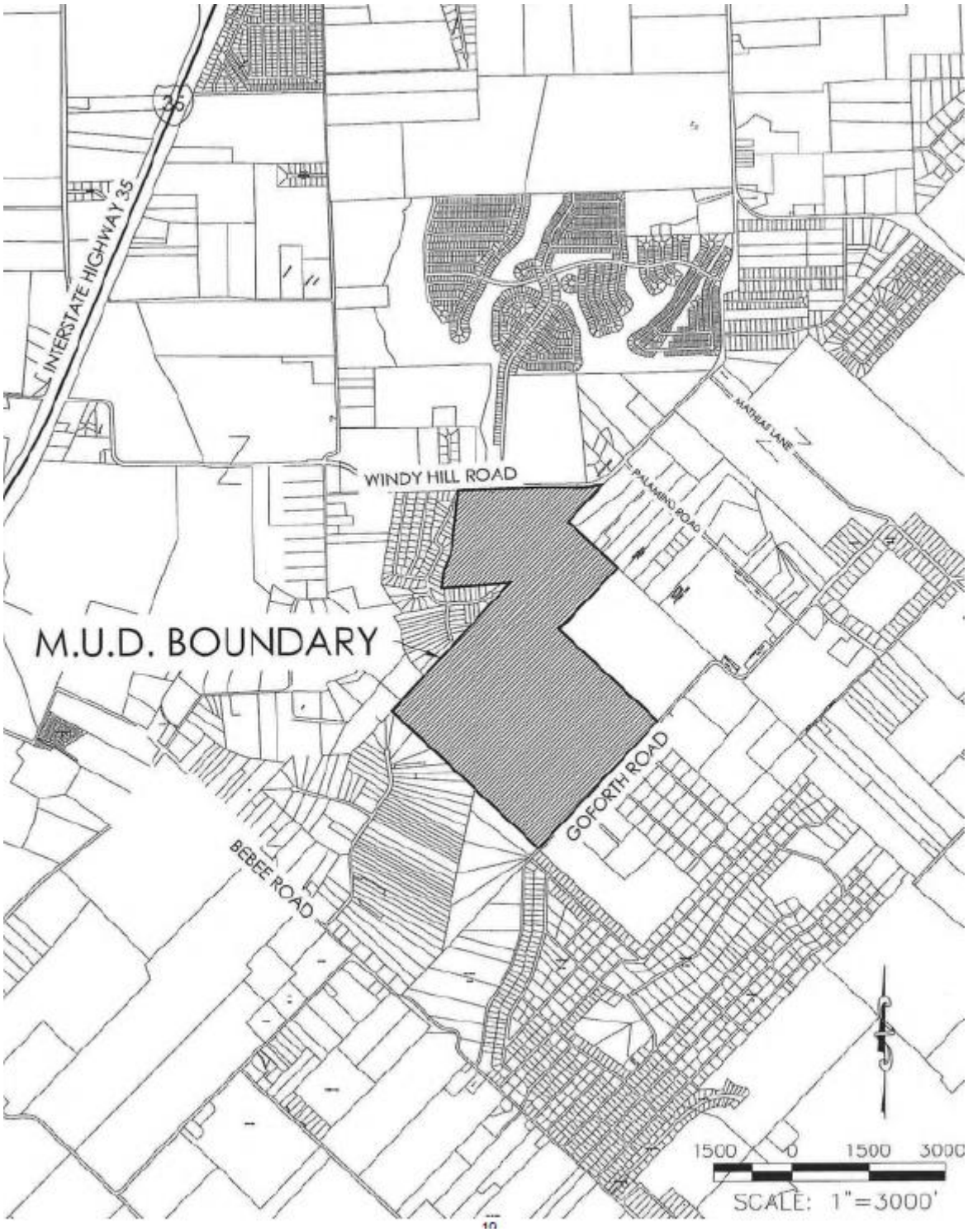
The District is being developed for single-family residential purposes in the subdivision known as Crosswinds. Homebuilding within the District commenced on or about February of 2017. The following table indicates the approximate status of single-family residential development as of October 1, 2026.

		Homes		
Subdivision/Section (a)	**Total Lots**	**Completed**	**Under Construction**	**Vacant Lots**
Crosswinds, Phase 1	226	224	0	2
Crosswinds, Phase 2	260	258	0	2
Crosswinds, Phase 3A	280	210	5	65
Crosswinds, Phase 3B	96	13	4	79
Crosswinds, Phase 4A	139	131	3	5
Crosswinds, Phase 5A/B	211	174	4	33
Crosswinds, Phase 6A	119	77	5	37
Crosswinds, Phase 6B	72	0	1	71
TOTALS	**1,403**	**1,087** (b)	**22** (b)	**294**

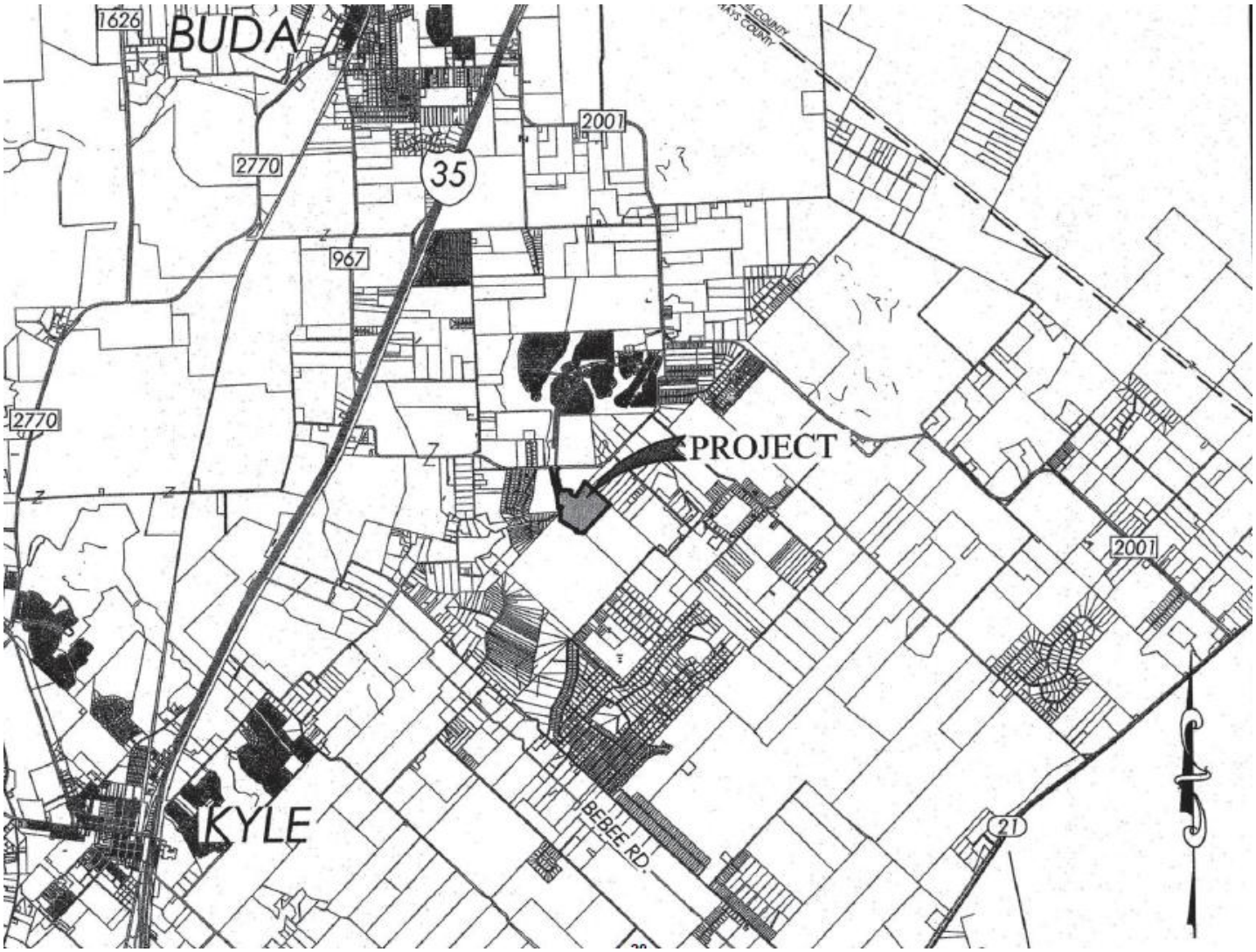
(a) Homes in Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B, are being constructed on 40-foot, 50-foot, and 60-foot lots and have been, or are currently being constructed by Highland Homes, Meritage Homes, Pacesetter Homes, Brightland Homes, MileStone Homes, Perry Homes, Pulte Homes, and Century Communities. Homes in the District have been, or are currently being marketed in the $300,000–$593,500 price range.

(b) According to the Developer, as of October 1, 2026, of the 1,109 homes that were either complete or under construction, approximately 1,081 homes were either occupied by homeowners or had been sold to a homebuyer, and seven (7) homes were being used as model homes.

Location Map



Vicinity Map



THE DISTRICT'S DEVELOPER

Role of a Developer

In general, the activities of developers in a utility district such as the District include purchasing the land within a district, designing the streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders, other developers or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

Description of the Developer

The original developer of the District was EB Windy Hill LP, a Texas limited partnership, who sold its interest in the property to Development Solutions CW, LLC, a Delaware limited liability company and a special purpose entity created solely for the purpose of developing the land within the District and marketing developed lots and developed tracts of land in the District. On December 13, 2021, the assets and certain obligations of Development Solutions CW, LLC were acquired by CF CSLK XWIND, LLC, a Delaware limited liability company (herein the "Developer"). The Developer is a special purpose entity created solely for the purpose of developing the land within the District and marketing developed lots and developed tracts of land in the District. The sole member of the Developer (the "Sole Member") is controlled by a private investment manager.

The Developer entered into a development management agreement on December 13, 2021 (herein the "Management Agreement") with SR Capital Management (previously Crosswinds Allegiant Development, LLC and referred to herein as the "Development Manager") to provide for management of the day-to-day land development activities associated with the initiation and completion of the land development project within the District. These management activities include pre-development coordination and supervision of Developer's consultants and professionals, execution of the approved project plans and specifications, and supervising lot marketing and sales. The Development Manager includes several individuals that have worked together on real estate investments over the course of the last several years. Management of the Development Manager is handled by James A. Siepiela and Gregory L. Rich, who have the primary responsibility for managing the affairs thereof. Mr. Siepiela and Mr. Rich have a combined 85 years of experience developing projects in Texas and have worked together on land development projects for over 30 years.

The Developer has sold substantially all of its land holdings in the District to various homebuilders, including MileStone Homes, Perry Homes, and Pulte Homes. MileStone Homes, Perry Homes, and Pulte Homes are responsible for the development of the land and lots in their respective tracts, while the Developer retains ownership of the reimbursable development costs to be received from the District. The Developer sold two tracts of land to MileStone Homes, one totaling approximately 30 acres, which has been developed as Crosswinds, Phase 3B, and contains 107 single-family residential lots, and the other totaling approximately 43 acres, which has been developed as Crosswinds, Phase 5, and contains 211 single-family residential lots. The Developer sold an approximately 25-acre tract to Perry Homes, which has been developed as Crosswinds, Phase 4A, and contains 139 single-family residential lots. The Developer sold two tracts of land to Pulte Homes, one totaling approximately 24 acres, which has been developed as Crosswinds, Phase 6A, and contains 117 single-family residential lots, and the other totaling approximately 41 acres, which has been developed as Crosswinds, Phase 6B, and contains 72 single-family residential lots and approximately two (2) acres of commercial reserves. See "THE DISTRICT – Status of Residential Development."

As stated elsewhere in this Official Statement, the Developer, including MileStone Homes, Perry Homes, and Pulte Homes, has no commitment or obligation to proceed at any particular rate or according to any specified plan with the construction of homes in the District. Future homebuilding depends, in part, upon short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. Neither the District nor the Developer represent that any taxable improvements will ever be constructed on the vacant developed lots located within the District. See "RISK FACTORS – Economic Factors" and "– Landowners/Developer/Homebuilders Under No Obligation to the District."

The Homebuilders

Homes in Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B are being constructed on 40-foot, 50-foot, and 60-foot lots and have been, or are currently being constructed by Highland Homes, Meritage Homes, Pacesetter Homes, Brightland Homes, MileStone Homes, Perry Homes, Pulte Homes, and Century Communities (the "Homebuilders"). Homes in the District have been, or are currently being marketed in the $300,000–$593,500 price range. See "THE DISTRICT – Status of Residential Development."

THE SYSTEM

Regulation

According to the District's Engineer, the District's water distribution, wastewater collection, storm drainage, and detention facilities (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and Hays County.

Operations of the water and wastewater systems serving the District are provided by the City. The water supply and wastewater treatment facilities serving the District are subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. Certain of the regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply and Wastewater Treatment Facilities Serving the District

Water supply and wastewater treatment facilities serving the District are provided by the City pursuant to the terms of an agreement (the "Water and Wastewater Agreement") entered into on July 30, 2015 and continuing for a period of 30 years. The term of the Water and Wastewater Agreement may be extended by mutual agreement of the District and the City. The Water and Wastewater Agreement provides that the Developer (on behalf of the District) or the District will construct all of the system improvements located within the District, and certain off-site system improvements, according to all of the appropriate regulatory standards. All of the system improvements needed to serve Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B, have been constructed by the Developer and approved by the City. The Water and Wastewater Agreement provides that as the system improvements in the District and the off-site improvements are completed by the Developer and approved by the City, such improvements are conveyed by the District to the City for ownership and operation. The District will maintain an ownership interest in the capacity of water and wastewater system to ensure water and wastewater service. The Water and Wastewater Agreement provides for certain cost-sharing, and development related fee credits between the City, the District, and the Developer.

The Water and Wastewater Agreement states that the City will provide the District with water supply capacity from the City's system (as defined in the Water and Wastewater Agreement) capable of serving 1,500 living unit equivalents ("LUEs"). Additional system improvements, such as the construction of a water supply tower and other improvements, must be made by the Developer, on behalf of the District, in order for the City to provide the District with water supply capacity in excess of 500 LUEs. In order to satisfy the requirements for receiving capacity in excess of 500 LUEs, the District awarded construction contracts for a 150,000-gallon elevated storage tank and a 180,000-gallon ground storage tank, including a pump station, all appurtenances, site grading, and security site fencing improvements in aid thereof. Construction of such improvements is complete and such facilities are operational.

The Water and Wastewater Agreement states that the City will provide the District with wastewater capacity from the City's system (as defined in the Water and Wastewater Agreement) capable of serving 1,500 LUEs. The City currently has adequate permitted wastewater treatment capacity to serve the ultimate buildout of the Crosswinds subdivision. The District has satisfied all of the conditions in the Water and Wastewater Agreement necessary for the District to have access to the wastewater treatment and disposal capacities noted above.

Drainage System

The underground storm sewer facilities to serve Crosswinds, Phases 1, 2, 3A, 3B, 4A, 5A/B, 6A, and 6B, are complete. The natural course of drainage in the District flows in a southerly direction and eventually outfalls into Plum Creek. The District's drainage system currently includes collection systems, detention facilities, and drainage channels that accommodate the conveyance, detention, release, and discharge of stormwater within the District.

100-Year Flood Plain

Flood Insurance Rate Map ("FIRM") is an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. According to the District's Engineer, approximately 75 acres of undeveloped land within the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map Community Panels 48209C0290F and 48209C0293F for Hays County, Texas, dated September 2, 2005. No lots are developed nor are any lots expected to be developed within the approximately 75 acres that are located within the boundary of the 100-year flood plain.

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14") which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east

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

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's operations is provided for information purposes only.

	Fiscal Year Ended September 30 (a)				
REVENUES	**2025**	**2024**	**2023**	**2022**	**2021**
Service availability fees	-	-	-	$63,000	$234,000
Permit fees	-	-	-	$14,000	$52,000
Property taxes	$1,013,116	$745,970	$526,507	$401,569	$249,449
Penalties and interest	$4,380	$1,883	$1,369	$1,113	$1,117
Miscellaneous	$557	-	-	$53,332	$30,750
Investment earnings	$131,013	$130,057	$93,103	$13,639	$880
TOTAL REVENUES	**$1,149,066**	**$877,910**	**$620,979**	**$546,653**	**$568,196**
EXPENDITURES					
Operating and administrative:					
Professional fees	$150,424	$140,400	$167,891	$147,129	$132,080
Contracted services	$53,500	$50,744	$44,178	$33,324	$32,178
Repairs and maintenance	$203,566	$186,636	$170,315	$194,300	$128,497
Utilities	$72,083	$18,172	$12,735	$9,037	$8,806
Administrative	$22,865	$24,364	$14,158	$22,689	$17,597
Other	$2,002	$2,326	$1,360	$1,302	$711
TOTAL EXPENDITURES	**$504,440**	**$422,642**	**$410,637**	**$407,781**	**$319,869**
REVENUES OVER EXPENDITURES (b)	**$644,626**	**$455,268**	**$210,342**	**$138,872**	**$248,327**
FUND BALANCE, BEGINNING OF THE YEAR	**$2,637,150**	**$2,181,882**	**$1,971,540**	**$1,832,668**	**$1,584,341**
END OF THE YEAR	**$3,281,776**	**$2,637,150**	**$2,181,882**	**$1,971,540**	**$1,832,668**

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) As of October 14, 2026, the District's General Fund had an unaudited cash and investment balance of $3,597,699. For the fiscal year ending September 30, 2026, the District's General Fund has experienced unaudited revenues of $997,962 and unaudited expenditures of $629,357 for the 11-month period ended August 31, 2026. For the fiscal year ending September 30, 2027, the District's General Fund is currently budgeting revenues of $797,352 and expenditures of $688,312.

THE ROADS

The District has financed the acquisition and construction of a portion of the road system to serve property in the District (the "Roads") with the proceeds of the sale of certain of the District's Outstanding Bonds. The Roads serve the residents of the District by providing access to the major thoroughfares within the Crosswinds subdivision and the surrounding area. Crosswinds Parkway serves as a major thoroughfare by conveying travelers to Windy Hill Road (County Road 131) and Goforth Road. The Roads consist of additional arterial roads, collector roads, and improvements in aid thereof.

The 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 easement dedicated to the District. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities, including power, gas, telephone, and cable utilities. The Roads have been designed and constructed in accordance with standards, rules, and regulations of Hays County, Texas. Upon completion, the Roads are conveyed to Hays County, Texas for ownership, operation and maintenance in accordance with the standard acceptance procedures. See "RISK FACTORS – Financing Road Facilities."

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board") which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each of the directors owns a parcel of land in the District subject to a note and deed of trust. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Term Expires May
Amy Laine	President	2028
Lee Weber	Vice President	2030
Elizabeth P. Edwards	Secretary	2028
Anthony Dell'Abate	Assistant Secretary	2030
Kathleen Kutac	Assistant Secretary	2028

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – Services related to the District's property tax matters are provided by the Hays Central Appraisal District and the Hays County Tax Office.

Bookkeeper – The District has contracted with Bott and Douthitt, PLLC for bookkeeping services.

Auditor – The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements.

Engineer – The consulting engineer for the District is Carlson, Brigance & Doering, Inc. (the "Engineer").

Operator – The water supply and wastewater treatment system serving the District is operated by the City of Kyle, Texas. Inframark, L.L.C. provides operational services for the District's stormwater quality and detention facilities and maintenance and management services thereof.

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of bonds, if and when such bonds are delivered. See "OFFICIAL STATEMENT – Financial Advisor."

Bond Counsel – Winstead PC serves as Bond Counsel to the District and as counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

General Counsel – Andy Barrett & Associates, PLLC serves as General Counsel to the District on matters relating to, and other than, the issuance of bonds. Fees paid for the General Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Orrick, Herrington & Sutcliffe LLP, Austin, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield in its portfolio. Funds of the District are invested in short-term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the District portfolio.

DISTRICT DEBT

6/1/2026 Estimated Taxable Value	$443,842,306	(a)
2026 Certified Taxable Value	$395,651,048	(b)
Direct Debt:		
Outstanding Bonds	$43,925,000	
The Bonds	$5,800,000	
Total Direct Debt	$49,725,000	
Estimated Overlapping Debt	$35,021,928	(c)
Direct and Estimated Overlapping Debt	$84,746,928	(c)
Percentage of Direct Debt to:		
6/1/2026 Estimated Taxable Value	11.20%	
2026 Certified Taxable Value	12.57%	
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2026 Estimated Taxable Value	19.09%	
2026 Certified Taxable Value	21.42%	
2026 Tax Rate Per $100 of Assessed Value:		
Utility Debt Service Tax	$0.40	
Road Debt Service Tax	$0.31	
Maintenance Tax	$0.19	
Total 2026 Tax Rate	$0.90	
Cash and Temporary Investment Balances as of October 14, 2026:		
General Fund	$3,597,699	(d)
Utility Debt Service Fund	$494,535	(e)
Road Debt Service Fund	$636,309	(e)

(a) Reflects data supplied by the Appraisal District. The Estimated Taxable Value as of June 1, 2026, was prepared by the Appraisal District and provided to the District. Such value is not binding on the Appraisal District. Any new value since January 1, 2026 will not be included on the District's tax roll until the 2027 tax roll is prepared and certified by the Appraisal District during the second half of 2027. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by the Appraisal District. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(c) See "– Estimated Overlapping Debt" herein.

(d) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(e) Unaudited figures per the District's records. Neither Texas law nor the District's Bond Order require that the District maintain any particular balance in the Utility Debt Service Fund or the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on the Bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and "THE BONDS – Funds."

Estimated Overlapping Debt

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas and from information obtained directly from certain jurisdictions. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds, the amount of which has not been reported. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

	Approximate	Overlapping Debt	
Taxing Jurisdiction	**Outstanding Debt**	**Percent**	**Amount**
Hays County	$695,683,512	0.71%	$4,926,565
Hays Consolidated Independent School District	$1,473,615,000	2.00%	$29,445,781
Austin Community College District	$728,710,000	0.09%	$649,582
Total Estimated Overlapping Debt			**$35,021,928**
The District (a)			$49,725,000
Total Direct and Estimated Overlapping Debt			**$84,746,928**

(a) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax collection experience of the District for the years 2021 through 2025, and includes certain information relative to the 2026 tax year. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Tax Year	Taxable Valuation (a)	Tax Rate (b)	Tax Levy	Cumulative Tax Collections (c)	Tax Year Ended September 30
2026	$395,651,048	$0.90	$3,560,859	(d)	2027
2025	$369,638,764	$0.90	$3,326,750	99.26%	2026
2024	$308,911,144	$0.90	$2,794,370	99.30%	2025
2023	$229,157,404	$0.90	$2,062,710	99.21%	2024
2022	$152,025,096	$0.90	$1,368,226	100.00%	2023
2021	$97,878,336	$0.90	$880,905	100.00%	2022

(a) See "– Analysis of Tax Base" herein.

(b) See "– Tax Rate Distribution" herein.

(c) Represents cumulative collections as of September 30, 2026.

(d) The 2026 tax levy is in the process of collections; such taxes become delinquent if not paid before February 1, 2027 See "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds that may be issued in the future. The District's voters authorized a maintenance tax of up to $1.00 per $100 of assessed valuation at an election held on November 5, 2013. See "– Tax Rate Distribution" herein.

Additional Penalties

The District has the authority to contract with a tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of 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 the Texas Tax Code.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2021 through 2026.

	2026	2025	2024	2023	2022	2021
Utility Debt Service	$0.40	$0.36	$0.24	$0.25	$0.31	$0.14
Road Debt Service	$0.31	$0.30	$0.34	$0.32	$0.25	$0.35
Maintenance/Operation	$0.19	$0.24	$0.32	$0.33	$0.34	$0.41
Total	**$0.90**	**$0.90**	**$0.90**	**$0.90**	**$0.90**	**$0.90**

Principal Taxpayers

The list of principal taxpayers for 2026 and the other information provided by this table were provided by the Appraisal District to the District based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of the Appraisal District.

Property Owner	Property Description	Property Value	% of Total
Crosswinds Development Inc (a)	Land and Improvement	$7,356,862	1.66%
Pulte Homes of Texas LP (b)	Land and Improvement	$7,249,164	1.64%
Pacesetter Homes LLC (c)	Land and Improvement	$6,128,183	1.39%
MileStone Community Builders LLC (b)	Land and Improvement	$3,252,268	0.74%
Century Land Holdings II LLC (c)	Land	$2,434,670	0.55%
Perry Homes LLC (b)	Land and Improvement	$2,232,692	0.51%
Windy Investments LLC	Land and Improvement	$1,177,000	0.27%
Homeowner	Land and Improvement	$979,430	0.22%
Homeowner	Land and Improvement	$595,270	0.13%
Homeowner	Land and Improvement	$585,410	0.13%
	TOTALS	**$31,990,949**	**7.24%**

(a) Represents an entity owned and controlled by MileStone Homes. See "THE DISTRICT'S DEVELOPER – Description of the Developer."

(b) See "THE DISTRICT'S DEVELOPER – Description of the Developer."

(c) See "THE DISTRICT'S DEVELOPER – The Homebuilders."

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2021 through 2026 and includes the June 1, 2026 Estimated Taxable Value.

	Type of Property						
Tax Roll Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
6/1/2026						$443,842,306	(a)
2026	$134,603,838	$309,396,622	$628,276	$444,628,736	$48,977,688	$395,651,048	
2025	$124,973,220	$277,375,403	$224,824	$402,573,447	$32,934,683	$369,638,764	
2024	$114,601,997	$218,965,591	$675,257	$334,242,845	$25,331,701	$308,911,144	
2023	$98,582,970	$159,470,639	$215,187	$258,268,796	$29,111,392	$229,157,404	
2022	$49,752,960	$133,417,454	$209,799	$183,380,213	$31,355,117	$152,025,096	
2021	$22,729,270	$79,599,190	$220,198	$102,548,658	$4,670,322	$97,878,336	

(a) Reflects data supplied by the Appraisal District. The Estimated Taxable Value as of June 1, 2026, was prepared by the Appraisal District and provided to the District for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

Estimated Overlapping Taxes

The following table sets forth all 2026 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2026 Tax Rates
Austin Community College District	$0.10360
Hays Consolidated Independent School District	$1.14000
Hays County	$0.37210
Hays County Special Road District	$0.03760
Hays County ESD No. 5	$0.10000
Hays County ESD No. 9	$0.06921
Plum Creek Conservation District	$0.01480
Plum Creek Ground Water Conservation District	$0.01890
Overlapping Taxes	**$1.85621**
The District	$0.90000
Total Direct & Overlapping Taxes	**$2.75621**

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Utility Debt Service Fund or the Road Debt Service Fund, and no increase or decrease in assessed valuation over the June 1, 2026 Estimated Taxable Value and the 2026 Certified Taxable Value and utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2045) ..... $3,488,666 (a)

Requires a $0.83 debt service tax rate on the June 1, 2026 Estimated Taxable Value at 95% collection ..... $3,491,264 (a)

Requires a $0.93 debt service tax rate on the 2026 Certified Taxable Value at 95% collection ..... $3,491,818 (a)

(a) Preliminary, subject to change. A certain amount of the maximum annual debt service requirement will be paid for with the District's utility debt service tax rate and a certain portion will be paid for with the District's road debt service tax rate.

TAXING 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 and interest on the Bonds and any additional bonds payable from taxes that the District has previously or may hereafter issue (see "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "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 its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized here. The 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 in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Hays Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Hays County, including the District. Such appraisal values are subject to review and change by the Hays County Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Exempt Property

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; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may, by its own action, an action which to date the District has not undertaken, exempt certain property owned by qualified organizations engaged primarily in charitable activities, residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call 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, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death. Such exemption would be transferable to a subsequent resident homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions. The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the reduction or cessation of the levy would impair the obligation of the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged. To date, the Board has not granted a residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions. A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property as defined by the Tax Code. The exemption excludes oil, natural gas, petroleum products, aircraft, and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicles, dealer's heavy equipment, and retail manufactured housing inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is further limited to tangible personal property acquired in or imported into Texas for storage purposes and which 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. For tax year 2012 and subsequent years, 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property but may choose to exempt same in the future by further official action.

Tax Abatement

Hays County or the City of Kyle may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Kyle, Hays County, or 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 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, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. The District has not entered into any tax abatement agreements.

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 formally approved by the Appraisal Review Board, it is used by the District in establishing its tax roll and tax rate. Assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code.

The 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 Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the 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 landowner of qualified open-space land is a member of the United States Armed Forces, subject to certain conditions, the appraisal of the land as qualified open-space land does not change while the landowner is deployed or stationed outside of Texas. 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 years for agricultural use and taxes for the previous five years for open space land and timberland.

The Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the Appraisal District at least once every three 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.

Assessment and Levy

The District is responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity or private tax assessor/collector approved by the Board. Each year the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due when billed and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. In addition, if the District engages an attorney for the collection of delinquent taxes, the Board may impose a further penalty not to exceed twenty percent (20%) on all taxes, penalty, and interest unpaid on July 1. The Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

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 of 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 Tax Code.

The Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda, which could result in the repeal of certain tax increases. The 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.

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 each 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. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights, or by bankruptcy proceedings that 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 – Tax Collections" and "– Bankruptcy Limitation to Registered Owners' Rights."

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

The District. A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2026 tax rate. 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.

THE BONDS

General

The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Order. Capitalized terms in such summary are used as defined in the Bond Order. Such summary is not a complete description of the entire Bond Order and is qualified in its entirety by reference to the Bond Order, copies of which are available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds are fully registered bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2027, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY-SYSTEM" herein.

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Optional Redemption

The District reserves the right to redeem, prior to maturity, the Bonds maturing on or after April 1, 2032, in whole or in part from time to time, on April 1, 2031, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random selection method. Notice of each exercise of the right of redemption will be given at least thirty days prior to the date fixed for redemption by providing written notice to each registered securities depository and national information service. When Bonds have been called for redemption, they will become due and payable on the redemption date.

Optional Term Bonds; Mandatory Sinking Fund

Any successful bidder may elect in its written bid to alter the Maturity Schedule reflected on the cover by converting the principal amounts of Serial Bonds maturing in the years 2032 through 2053 into "Term Bonds," and such Term Bonds shall be subject to mandatory redemption on the April 1 next following the last maturity for Serial Bonds in the same principal amount as shown on the Maturity Schedule shown on the cover page, and annually thereafter on each April 1, until the stated principal amount of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amount that would have been due and payable in the Maturity Schedule shown on the cover had no conversion to Term Bonds occurred. At least 30 days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and issue a notice of redemption in the manner provided above under "– Optional Redemption."

Source of and Security for Payment

The Bonds are secured by and payable from the levy of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Hays County, the City, or any entity other than the District.

Defeasance

Any Bond and the interest thereon will be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Order, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) has been made or caused to be made in accordance with the terms of the Bond Order (including the giving of any required notice of redemption) or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Government Obligations which mature as to principal and interest in

such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds have become due and payable. At such time as a Bond is deemed to be a Defeased Bond, such Bond and the interest thereon will no longer be secured by, payable from, or entitled to the benefits of the ad valorem taxes levied and pledged, as provided in the Bond Order, and such principal and interest shall be payable solely from such money and/or Government Obligations.

The term "Government Obligations" as used in this Section, means all obligations authorized for defeasance purposes under Texas law, currently: (a) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (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 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 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.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law.

Funds

In the Bond Order, the Utility Debt Service Fund is confirmed, and the proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Order, and any additional bonds attributable to water, sewer, and drainage, payable from taxes which may be issued in the future by the District, shall be deposited as collected in such fund.

The District also maintains a Road Debt Service Fund that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal of and interest on the Bonds.

Accrued interest on the Bonds shall be deposited into the Utility Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Utility Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Utility Capital Projects Fund after paying the above costs will be used as described in the Bond Order or ultimately transferred to the Utility Debt Service Fund.

Paying Agent/Registrar

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is UMB Bank, N.A., located in Austin, Texas. The District will maintain at least one Paying Agent/Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Paying Agent/Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Order to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Paying Agent/Registrar in Austin, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Paying Agent/Registrar. Neither the Paying Agent/Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part beginning fifteen (15) calendar days prior to and ending on the date of mailing of the notice of redemption or, where such redemption is scheduled to occur, within forty-five (45) days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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.

Issuance of Additional Debt

Pursuant to Article XVI, Section 59 of the Texas Constitution and an election held for and within the District on November 5, 2013, the duly authorized registered voters of the District authorized the District to issue a total of $90,000,000 of unlimited tax bonds and $90,000,000 of refunding bonds for the purposes of providing water, sewer, and drainage facilities and improvements. Pursuant to Article III, Section 52 of the Texas Constitution and an election held for and within the District on November 3, 2015, the duly authorized registered voters of the District authorized the District to issue a total of $35,300,000 of unlimited tax bonds and $45,890,000 of refunding bonds for the purposes of providing road facilities and improvements.

Following the issuance of the Bonds, $60,185,000 of unlimited tax bonds and $90,000,000 of refunding bonds for water, sewer and drainage facilities and improvements, and $13,860,000 of unlimited tax bonds and $45,890,000 of refunding bonds for road facilities and improvements will remain authorized and unissued.

The District has the right to issue the remaining unissued new money bonds and refunding bonds as may hereafter be approved by the Board. Voters could authorize the issuance of additional bonds in the future, and the District may issue additional refunding bonds without additional elections. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds. Generally, the Board of Directors has indicated that, in the future, new money bonds will be issued in amounts and in timeframes depending upon: (i) the rate of growth of taxable improvements in the District, and (ii) the District's ability to keep the total tax rate at approximately $0.90.

BOOK-ENTRY-ONLY SYSTEM

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

The District and the Initial Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities. 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 S&P Global Ratings rating of AA+. 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 securities representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners.

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds 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 fewer 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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, securities 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, securities will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Initial Purchaser takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Opinions

The District will furnish the Initial Purchaser a transcript (the "Transcript") of certain certified proceedings incident to the issuance and authorization of the Bonds. Such Transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of the Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Winstead PC, Austin, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations discussed herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS." Bond Counsel's fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, as disclosure counsel to the District.

Legal Review

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "THE BONDS," "TAX MATTERS," and "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the procedures and documents referred to therein. Bond Counsel has not, however, independently verified any of the other 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 any of the other information contained herein. 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, other than the matters discussed immediately above.

Andy Barrett & Associates, PLLC, serves as general counsel to the District on matters relating to, and other than, the issuance of bonds. The legal fees paid to Bond Counsel and General Counsel for services rendered in connection with 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.

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

Opinion

Winstead PC, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "APPENDIX C – Form of Bond Counsel's Opinion."

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield, and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% 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 a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury, and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by section 884 of the Code.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. PROSPECTIVE INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, owners of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the owner at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio of the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

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 as "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.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Hays Central Appraisal District, the Hays County Tax Office, the Developer, and other sources that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions and engineering and other related reports set forth in the 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

The GMS Group, L.L.C. 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, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a 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 generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM" and "THE ROADS" and certain engineering matters included in "THE DISTRICT – Description and Location" and certain matters under the headings "THE DISTRICT – Summary of Land Use" and "– Status of Residential Development" (excluding house count information which has been provided by the Developer) have been provided by Carlson, Brigance & Doering, Inc., and have been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by the Hays Central Appraisal District and the Hays County Tax Office in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District's audited financial statements are required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Winstead PC, 600 W. 5th Street, Suite 900, Austin, Texas, 78701.

Certification as to Official Statement

The Board of Directors of the District, acting in its official capacity and in reliance upon the consultants listed above, and certain certificates of representation to be provided to the Board, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Initial Purchaser.

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 statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated is intended as such and not a representation of fact and no representation is made that any such statement will be realized.

This Official Statement was approved by the Board of Directors of Crosswinds Municipal Utility District as of the date shown on the cover page.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

CROSSWINDS MUNICIPAL UTILITY DISTRICT

HAYS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 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
Crosswinds Municipal Utility District
Hays County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Crosswinds Municipal Utility District (the "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Crosswinds Municipal Utility District, as of September 30, 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.

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

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.



Houston, Texas
January 14, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Crosswinds Municipal Utility District (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 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 Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. 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.

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 Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. 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 September 30, 2025, was negative $53,815,684. The District's net position is negative because the District incurs debt to construct water and sewer facilities which it conveys to City of Kyle upon completion of construction. Additionally, the District incurs debt to construct public road improvements which are conveyed to Hays County. A comparative summary of the District's overall financial position, as of September 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 4,558,697	$ 3,867,580
Capital assets	154,584	155,944
Total assets	4,713,281	4,023,524
Current liabilities	693,513	493,658
Long-term liabilities	57,835,452	55,042,237
Total liabilities	58,528,965	55,535,895
Net position		
Net investment in capital assets	(40,137)	(36,771)
Restricted	1,187,833	1,133,190
Unrestricted	(54,963,380)	(52,608,790)
Total net position	$ (53,815,684)	$ (51,512,371)

The total net position of the District decreased during the current fiscal year by $2,303,313. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	$ 2,810,526	$ 2,115,668
Other	213,518	210,399
Total revenues	3,024,044	2,326,067
Expenses		
Operating and administrative	599,384	443,538
Debt interest and fees	1,367,298	1,087,200
Developer interest	685,543	870,536
Debt issuance costs	629,310	580,967
Amortization	1,360	1,360
Total expenses	3,282,895	2,983,601
Change in net position before other item	(258,851)	(657,534)
Other item		
Receivable write-off		(54,750)
Change in estimate due to developer	100,772	
Transfers to other governments	(2,145,234)	(8,470,792)
Change in net position	(2,303,313)	(9,183,076)
Net position, beginning of year	(51,512,371)	(42,329,295)
Net position, end of year	$ (53,815,684)	$ (51,512,371)

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2025, were $4,443,797, which consists of $3,281,776 in the General Fund, $1,153,964 in the Debt Service Fund and $8,057 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 3,362,807	$ 2,705,364
Total liabilities	$ 68,513	$ 33,904
Total deferred inflows	12,518	34,310
Total fund balance	3,281,776	2,637,150
Total liabilities, deferred inflows and fund balance	$ 3,362,807	$ 2,705,364

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

	2025	2024
Total revenues	$ 1,149,066	$ 877,910
Total expenditures	(504,440)	(422,642)
Revenues over expenditures	$ 644,626	$ 455,268

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 a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 1,187,833	$ 1,137,944
Total liabilities	$ -	$ 4,754
Total deferred inflows	33,869	52,926
Total fund balance	1,153,964	1,080,264
Total liabilities, deferred inflows and fund balance	$ 1,187,833	$ 1,137,944

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 1,912,032	$ 1,370,728
Total expenditures	(1,838,332)	(1,325,066)
Revenues over expenditures	73,700	45,662
Other changes in fund balance		179,500
Net change in fund balance	$ 73,700	$ 225,162

The District's financial resources in the Debt Service Fund are from property tax revenues in the current year. During the prior fiscal year, financial resources were from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 8,057	$ 24,272
Total fund balance	$ 8,057	$ 24,272

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 3,796	$ 1,498
Total expenditures	(7,700,011)	(6,964,737)
Revenues under expenditures	(7,696,215)	(6,963,239)
Other changes in fund balance	7,680,000	7,000,500
Net change in fund balance	$ (16,215)	$ 37,261

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Road Bonds in the current year and issuance of its Series 2023A Unlimited Tax Road Bonds in the prior year.

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 $163,206 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 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. 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 September 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being amortized		
Land and improvements	$ 128,732	$ 128,732
Capital assets being amortized		
Impact fees for irrigation meters	38,092	38,092
Less accumulated amortization	(12,240)	(10,880)
Depreciable capital assets, net	25,852	27,212
Capital assets, net	$ 154,584	$ 155,944

The District and the City of Kyle (the "City") have entered into an agreement which obligates the District to construct water and wastewater facilities to serve the District and, when completed, to convey title to the facilities to the City (Note 10). Additionally, Hays County assumes responsibility for roads and storm sewer systems constructed within the county's public right-of-way. Consequently, these projects conveyed to the City of Kyle and Hays County are not recorded as capital assets on the District's financial statements but are recorded as transfers to other governments upon completion of construction. The value of these assets is trued-up when the developer is reimbursed. For the year ended September 30, 2025, capital assets in the amount of $2,145,234 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of September 30, 2025, the District owes approximately $24,743,077 to 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. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At September 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2018 Road	$ 2,950,000	$ 3,025,000
2020 Road	3,105,000	3,180,000
2021	2,655,000	2,730,000
2022	7,410,000	7,580,000
2023	2,760,000	2,820,000
2023A Road	7,180,000	7,180,000
2024 Road	7,680,000	
	$ 33,740,000	$ 26,515,000

During the current fiscal year, the District issued $7,680,000 in unlimited tax road bonds. At September 30, 2025, the District had $76,795,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $90,000,000 for the refunding of such bonds; and $13,860,000 for road improvements and $45,890,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $61,490,000 for the 2025 tax year from $310,485,598 to $371,975,342. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of $0.24 per $100 of assessed value, a road debt service tax rate of $0.30 per $100 of assessed value, and a water, sewer, and drainage debt service tax rate of $0.36 per $100 of assessed value, for a total combined tax rate of $0.90 per $100 of assessed value. Tax rates for the 2024 tax year were $0.32 per $100 of assessed value for maintenance and operations, a road debt service tax rate of $0.34 per $100 of assessed value, and a water, sewer, and drainage debt service tax rate of $0.24 per $100 of assessed value, for a total combined tax rate of $0.90 per $100 of assessed value.

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 property taxes 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:

	2025 Actual	2026 Budget
Total revenues	$ 1,149,066	$ 937,296
Total expenditures	(504,440)	(595,412)
Revenues over expenditures	644,626	341,884
Beginning fund balance	2,637,150	3,281,776
Ending fund balance	$ 3,281,776	$ 3,623,660

Basic Financial Statements

Crosswinds Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 51,724	$ -	$ 3	$ 51,727	$ -	$ 51,727
Investments	3,237,470	1,158,868	62,984	4,459,322		4,459,322
Taxes receivable	12,518	33,869		46,387		46,387
Internal balances	59,834	(4,904)	(54,930)			
Other receivables	1,261			1,261		1,261
Capital assets not being depreciated					128,732	128,732
Capital assets, net					25,852	25,852
Total Assets	$ 3,362,807	$ 1,187,833	$ 8,057	$ 4,558,697	154,584	4,713,281
Liabilities						
Accounts payable	$ 67,938	$ -	$ -	$ 67,938		67,938
Other payables	575			575		575
Due to developer					24,743,077	24,743,077
Long-term debt						
Due within one year					625,000	625,000
Due after one year					33,092,375	33,092,375
Total Liabilities	68,513			68,513	58,460,452	58,528,965
Deferred Inflows of Resources						
Deferred property taxes	12,518	33,869		46,387	(46,387)	
Fund Balances/Net Position						
Fund Balances						
Restricted		1,153,964	8,057	1,162,021	(1,162,021)	
Unassigned	3,281,776			3,281,776	(3,281,776)	
Total Fund Balances	3,281,776	1,153,964	8,057	4,443,797	(4,443,797)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,362,807	$ 1,187,833	$ 8,057	$ 4,558,697		
Net Position						
Net investment in capital assets					(40,137)	(40,137)
Restricted for debt service					1,187,833	1,187,833
Unrestricted					(54,963,380)	(54,963,380)
Total Net Position					$ (53,815,684)	$ (53,815,684)

See notes to basic financial statements.

Crosswinds Municipal Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,013,116	$ 1,826,367	$ -	$ 2,839,483	$ (44,990)	$ 2,794,493
Penalties and interest	4,380	7,513		11,893	4,140	16,033
Miscellaneous	557			557		557
Investment earnings	131,013	78,152	3,796	212,961		212,961
Total Revenues	1,149,066	1,912,032	3,796	3,064,894	(40,850)	3,024,044
Expenditures/Expenses						
Operating and administrative						
Professional fees	150,424	2,320	77,882	230,626		230,626
Contracted services	53,500	13,342		66,842		66,842
Repairs and maintenance	203,566			203,566		203,566
Utilities	72,083			72,083		72,083
Administrative	22,865			22,865		22,865
Other	2,002	1,400		3,402		3,402
Capital outlay			6,307,276	6,307,276	(6,307,276)	
Debt service						
Principal		455,000		455,000	(455,000)	
Interest and fees		1,366,270		1,366,270	1,028	1,367,298
Developer interest			685,543	685,543		685,543
Debt issuance costs			629,310	629,310		629,310
Amortization					1,360	1,360
Total Expenditures/Expenses	504,440	1,838,332	7,700,011	10,042,783	(6,759,888)	3,282,895
Revenues Over/(Under) Expenditures/Expenses	644,626	73,700	(7,696,215)	(6,977,889)	6,719,038	(258,851)
Other Financing Sources						
Proceeds from sale of bonds			7,680,000	7,680,000	(7,680,000)	
Other Items						
Change in estimate due to developer					100,772	100,772
Transfer to other goverments					(2,145,234)	(2,145,234)
Net Change in Fund Balances	644,626	73,700	(16,215)	702,111	(702,111)	
Change in Net Position					(2,303,313)	(2,303,313)
Fund Balance/Net Position						
Beginning of the year	2,637,150	1,080,264	24,272	3,741,686	(55,254,057)	(51,512,371)
End of the year	$ 3,281,776	$ 1,153,964	$ 8,057	$ 4,443,797	$ (58,259,481)	$ (53,815,684)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Crosswinds Municipal Utility District (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 Senate Bill 1862, 83rd (R) Session of the Texas Legislature, dated June 14, 2013, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The District added additional Road Powers pursuant to House Bill 2401, 84th (R) Session on June 16, 2015. The Board of Directors held its first meeting on August 26, 2013, and the first bonds were issued on November 13, 2018.

The District is responsible for providing water, sewer and drainage facilities within the District. As further discussed in Note 10, the District transfers water and sewer facilities to the City of Kyle for operation and maintenance 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. Interfund activity, if any, has been removed from these statements. 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. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major"

funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, and drainage facilities and road improvements.

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. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

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.

Amortizable capital assets, which consist of impact fees paid to the City of Kyle, are amortized using the straight-line method over the remaining life of the District's contract with the City (maximum 30 years).

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

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's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

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 - all other spendable amounts 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.

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, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to other governments, and the value of capital assets for which the developer has 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 Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 4,443,797
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 166,824	
Less accumulated amortization	(12,240)	
		154,584
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:		
Due to developer	(24,743,077)	
Bonds payable, net	(33,717,375)	
		(58,460,452)
Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		46,387
Total net position - governmental activities		$ (53,815,684)

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

Net change in fund balances - total governmental funds		$ 702,111
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		(40,850)
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 6,307,276	
Transfers to other governments	(2,145,234)	
Amortization expense	(1,360)	
Change in estimate due to developer	100,772	
		4,261,454
Financial reporting for certain 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 debt is issued 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. Differences during the current fiscal year are for the following:		
Issuance of long-term debt	(7,680,000)	
Principal payments	455,000	
Interest expense accrual	(1,028)	
		(7,226,028)
Change in net position of governmental activities		$ (2,303,313)

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.

As of September 30, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 3,237,470		
	Debt Service	1,158,868		
	Capital Projects	62,984		
Total		$ 4,459,322	AAAm	44 days

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 4,904	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	54,930	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2025, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being amortized			
Land and improvements	$ 128,732	$ -	$ 128,732
Capital assets being amortized			
Impact fees for irrigation meters	38,092		38,092
Less accumulated amortization	(10,880)	(1,360)	(12,240)
Subtotal depreciable capital assets, net	27,212	(1,360)	25,852
Capital assets, net	$ 155,944	$ (1,360)	$ 154,584

Amortization expense for the current fiscal year was $1,360.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage 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 developer is 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	$ 29,005,891
Developer reimbursements	(6,307,276)
Developer funded construction and adjustments	2,145,234
Change in estimate	(100,772)
Due to developer, end of year	$ 24,743,077

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 33,740,000
Unamortized discounts	(22,625)
	$ 33,717,375
Due within one year	$ 625,000

The District's bonds payable at September 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018 Road	$ 2,950,000	$ 3,250,000	4.00% - 4.375%	April 1, 2022/2046	April 1, October 1	April 1, 2023
2020 Road	3,105,000	3,333,000	2.00% - 3.00%	April 1, 2023/2047	April 1, October 1	April 1, 2025
2021	2,655,000	3,805,000	2.00% - 4.50%	April 1, 2024/2048	April 1, October 1	April 1, 2026
2022	7,410,000	7,850,000	4.00% - 6.50%	April 1, 2025/2049	April 1, October 1	April 1, 2028
2023	2,760,000	2,820,000	4.00% - 7.00%	April 1, 2025/2049	April 1, October 1	April 1, 2028
2023A Road	7,180,000	7,180,000	4.50% - 7.00%	April 1, 2026/2049	April 1, October 1	April 1, 2029
2024 Road	7,680,000	7,680,000	4.00% - 5.00%	April 1, 2027/2050	April 1, October 1	April 1, 2029
	$ 33,740,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2025, the District had authorized but unissued bonds in the amount of $76,795,000 for water, sewer and drainage facilities and $90,000,000 for the refunding of such bonds; and $13,860,000 for road facilities and $45,890,000 for the refunding of such bonds.

On December 12, 2024, the District issued its $7,680,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.29180%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 26,515,000
Bonds issued	7,680,000
Bonds retired	(455,000)
Bonds payable, end of year	$ 33,740,000

The debt service payment due October 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of September 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 625,000	$ 1,397,700	$ 2,022,700
2027	880,000	1,357,287	2,237,287
2028	910,000	1,309,974	2,219,974
2029	940,000	1,263,150	2,203,150
2030	980,000	1,218,069	2,198,069
2031	1,020,000	1,174,348	2,194,348
2032	1,100,000	1,132,136	2,232,136
2033	1,145,000	1,089,948	2,234,948
2034	1,185,000	1,046,019	2,231,019
2035	1,225,000	1,000,282	2,225,282
2036	1,270,000	952,373	2,222,373
2037	1,370,000	901,229	2,271,229
2038	1,415,000	846,902	2,261,902
2039	1,465,000	789,999	2,254,999
2040	1,550,000	729,316	2,279,316
2041	1,630,000	664,527	2,294,527
2042	1,685,000	596,801	2,281,801
2043	1,750,000	526,106	2,276,106
2044	1,840,000	451,653	2,291,653
2045	1,935,000	373,139	2,308,139
2046	2,000,000	291,136	2,291,136
2047	1,880,000	210,378	2,090,378
2048	1,755,000	133,640	1,888,640
2049	1,675,000	58,490	1,733,490
2050	510,000	10,518	520,518
	$ 33,740,000	$ 19,525,120	$ 53,265,120

Note 8 – Property Taxes

On November 5, 2013, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.00 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Hays County Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $0.90 per $100 of assessed value, of which $0.32 was allocated to maintenance and operations; $0.24 was allocated to water, sewer, and drainage debt service; and $0.34 was allocated to road debt service. The resulting tax levy was $2,794,370 on the adjusted taxable value of $310,485,598.

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

Current year taxes receivable	$	19,527
Prior years taxes receivable		16,684
		36,211
Penalty and interest receivable		10,176
Property taxes receivable	$	46,387

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Kyle (the "City"), the District transfers all of its water distribution lines and sanitary sewer systems to the City (see Note 10). Additionally, Hays County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended September 30, 2025, the District reported transfers to other governments in the amount of $2,145,234 for projects completed and transferred to the City and Hays County.

Note 10 – Utility Agreement with the City of Kyle

On July 30, 2015, the District entered into a utility agreement with the City of Kyle (the "City") for construction and extension of water distribution lines and sanitary sewer collection systems to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City for operation and maintenance but will reserve a security interest in the system. The District has an intangible interest in the capacity in the City's water and wastewater systems up to the capacity designed for the provision of retail water and wastewater serviced to the District by the City to the extent of the designed capacity of the conveyed systems and payment of associated costs paid by 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 11 – 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 12 – Subsequent Event

On November 13, 2025, the District issued its $10,810,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.615286%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District and pay developer interest at the net effective interest rate of the bonds.

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Required Supplementary Information

Crosswinds Municipal Utility District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 978,432	$ 1,013,116	$ 34,684
Penalties and interest		4,380	4,380
Miscellaneous		557	557
Investment earnings	36,000	131,013	95,013
Total Revenues	1,014,432	1,149,066	134,634
Expenditures			
Operating and administrative			
Professional fees	159,400	150,424	8,976
Contracted services	74,000	53,500	20,500
Repairs and maintenance	222,000	203,566	18,434
Utilities	46,000	72,083	(26,083)
Administrative	30,112	22,865	7,247
Other	1,500	2,002	(502)
Total Expenditures	533,012	504,440	28,572
Revenues Over Expenditures	481,420	644,626	163,206
Fund Balance			
Beginning of the year	2,637,150	2,637,150	
End of the year	$ 3,118,570	$ 3,281,776	$ 163,206

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

Crosswinds Municipal Utility District
TSI-1. Services and Rates
September 30, 2025

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

☐ Retail Water	☐ Wholesale Water	☐ Solid Waste / Garbage	☒ Drainage
☐ Retail Wastewater	☐ Wholesale Wastewater	☐ Flood Control	☐ Irrigation
☐ Parks / Recreation	☐ Fire Protection	☒ Roads	☐ Security

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

☒ Other (Specify): Water and wastewater accepted by City of Kyle for operation and maintenance.

2. Retail Service Providers

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.

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

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

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: Hays County

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

City(ies) in which the District is located: _____

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Kyle

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

If Yes, by whom? _____

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2025

Professional fees		
Legal	$	117,279
Audit		18,000
Engineering		15,145
		150,424
Contracted services		
Bookkeeping		25,139
Operator		21,000
Appraisal district fees		7,361
		53,500
Repairs and maintenance		203,566
Utilities		72,083
Administrative		
Directors fees		15,136
Insurance		6,732
Other		997
		22,865
Other		2,002
Total expenditures	$	504,440

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-3. Investments
September 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 3,237,470
Debt Service			
TexPool	Variable	N/A	703,484
TexPool	Variable	N/A	14,248
TexPool	Variable	N/A	441,136
			1,158,868
Capital Projects			
TexPool	Variable	N/A	12,347
TexPool	Variable	N/A	13,018
TexPool	Variable	N/A	37,619
			62,984
Total - All Funds			$ 4,459,322

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-4. Taxes Levied and Receivable
September 30, 2025

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 34,310	$ 39,579	$ 7,312	$ 81,201
Adjustments to Prior Year Tax Levy	(2,230)	(11,484)	13,836	122
Adjusted Receivable	32,080	28,095	21,148	81,323
2024 Original Tax Levy	998,580	1,060,991	748,935	2,808,506
Adjustments	(5,026)	(5,340)	(3,770)	(14,136)
Adjusted Tax Levy	993,554	1,055,651	745,165	2,794,370
Total to be accounted for	1,025,634	1,083,746	766,313	2,875,693
Tax collections:				
Current year	986,611	1,048,274	739,958	2,774,843
Prior years	25,876	22,766	15,997	64,639
Total Collections	1,012,487	1,071,040	755,955	2,839,482
Taxes Receivable, End of Year	$ 13,147	$ 12,706	$ 10,358	$ 36,211
Taxes Receivable, By Years				
2024	$ 6,943	$ 7,377	$ 5,207	$ 19,527
2023	3,275	3,175	2,481	8,931
2022	2,929	2,154	2,670	7,753
Taxes Receivable, End of Year	$ 13,147	$ 12,706	$ 10,358	$ 36,211

	2024	2023	2022	2021
Property Valuations:				
Land	$ 114,601,997	$ 98,582,970	$ 49,752,960	$ 22,729,270
Improvements	218,965,591	159,470,639	133,417,454	79,599,190
Personal Property	675,257	215,187	209,799	220,198
Exemptions	(23,757,247)	(29,111,392)	(31,355,117)	(4,670,322)
Total Property Valuations	$ 310,485,598	$ 229,157,404	$ 152,025,096	$ 97,878,336
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.32	$ 0.33	$ 0.34	$ 0.41
Road debt service tax rates	0.34	0.32	0.25	0.35
W-S-D debt service tax rates	0.24	0.25	0.31	0.14
Total Tax Rates per $100 Valuation	$ 0.90	$ 0.90	$ 0.90	$ 0.90
Adjusted Tax Levy:	$ 2,794,370	$ 2,062,417	$ 1,368,226	$ 880,905
Percentage of Taxes Collected to Taxes Levied **	99.30%	99.57%	99.43%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.00 on November 5, 2013

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 75,000	$ 121,813	$ 196,813
2027	100,000	118,313	218,313
2028	100,000	114,313	214,313
2029	100,000	110,313	210,313
2030	100,000	106,313	206,313
2031	100,000	102,312	202,312
2032	125,000	97,812	222,812
2033	125,000	92,812	217,812
2034	125,000	87,812	212,812
2035	125,000	82,812	207,812
2036	125,000	77,734	202,734
2037	150,000	72,062	222,062
2038	150,000	65,781	215,781
2039	150,000	59,406	209,406
2040	175,000	52,500	227,500
2041	175,000	45,062	220,062
2042	175,000	37,625	212,625
2043	175,000	30,078	205,078
2044	200,000	21,875	221,875
2045	200,000	13,125	213,125
2046	200,000	4,375	204,375
	$ 2,950,000	$ 1,514,248	$ 4,464,248

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 75,000	$ 84,625	$ 159,625
2027	100,000	82,800	182,800
2028	100,000	80,600	180,600
2029	100,000	78,325	178,325
2030	100,000	75,975	175,975
2031	100,000	73,525	173,525
2032	125,000	70,712	195,712
2033	125,000	67,587	192,587
2034	125,000	64,384	189,384
2035	125,000	61,103	186,103
2036	125,000	57,744	182,744
2037	150,000	53,963	203,963
2038	150,000	49,838	199,838
2039	150,000	45,713	195,713
2040	150,000	41,400	191,400
2041	175,000	36,525	211,525
2042	175,000	31,275	206,275
2043	175,000	26,025	201,025
2044	175,000	20,775	195,775
2045	200,000	15,150	215,150
2046	200,000	9,150	209,150
2047	205,000	3,075	208,075
	$ 3,105,000	$ 1,130,269	$ 4,235,269

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 80,000	$ 64,255	$ 144,255
2027	80,000	60,855	140,855
2028	85,000	57,980	142,980
2029	85,000	55,855	140,855
2030	90,000	54,105	144,105
2031	95,000	52,255	147,255
2032	95,000	50,355	145,355
2033	100,000	48,405	148,405
2034	105,000	46,355	151,355
2035	105,000	44,124	149,124
2036	110,000	41,705	151,705
2037	115,000	39,174	154,174
2038	115,000	36,471	151,471
2039	120,000	33,593	153,593
2040	125,000	30,591	155,591
2041	130,000	27,467	157,467
2042	135,000	24,188	159,188
2043	135,000	20,812	155,812
2044	140,000	17,340	157,340
2045	145,000	13,706	158,706
2046	150,000	9,945	159,945
2047	155,000	6,056	161,056
2048	160,000	2,040	162,040
	$ 2,655,000	$ 837,632	$ 3,492,632

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 175,000	$ 327,137	$ 502,137
2027	185,000	315,875	500,875
2028	190,000	303,687	493,687
2029	200,000	292,513	492,513
2030	210,000	283,313	493,313
2031	220,000	274,712	494,712
2032	230,000	265,713	495,713
2033	240,000	256,313	496,313
2034	250,000	246,512	496,512
2035	265,000	236,212	501,212
2036	275,000	225,413	500,413
2037	290,000	214,112	504,112
2038	300,000	202,313	502,313
2039	315,000	189,619	504,619
2040	330,000	175,500	505,500
2041	345,000	160,313	505,313
2042	360,000	144,450	504,450
2043	375,000	127,913	502,913
2044	395,000	110,588	505,588
2045	415,000	92,361	507,361
2046	430,000	73,350	503,350
2047	450,000	53,550	503,550
2048	470,000	32,850	502,850
2049	495,000	11,137	506,137
	$ 7,410,000	$ 4,615,456	$ 12,025,456

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 60,000	$ 119,463	$ 179,463
2027	65,000	115,087	180,087
2028	65,000	110,537	175,537
2029	70,000	105,812	175,812
2030	75,000	101,581	176,581
2031	80,000	97,900	177,900
2032	80,000	94,400	174,400
2033	85,000	91,100	176,100
2034	90,000	87,600	177,600
2035	95,000	83,900	178,900
2036	100,000	80,000	180,000
2037	105,000	75,900	180,900
2038	110,000	71,600	181,600
2039	115,000	67,100	182,100
2040	125,000	62,300	187,300
2041	130,000	57,200	187,200
2042	135,000	51,900	186,900
2043	145,000	46,300	191,300
2044	150,000	40,400	190,400
2045	160,000	34,000	194,000
2046	165,000	27,094	192,094
2047	175,000	19,869	194,869
2048	185,000	12,219	197,219
2049	195,000	4,144	199,144
	$ 2,760,000	$ 1,657,406	$ 4,417,406

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2023A Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 160,000	$ 361,013	$ 521,013
2027	170,000	349,463	519,463
2028	180,000	337,213	517,213
2029	185,000	324,438	509,438
2030	195,000	311,138	506,138
2031	205,000	297,650	502,650
2032	215,000	286,150	501,150
2033	230,000	276,137	506,137
2034	240,000	265,562	505,562
2035	250,000	254,537	504,537
2036	265,000	242,783	507,783
2037	275,000	230,124	505,124
2038	290,000	216,705	506,705
2039	305,000	202,574	507,574
2040	320,000	187,731	507,731
2041	335,000	171,966	506,966
2042	350,000	155,269	505,269
2043	370,000	137,719	507,719
2044	390,000	119,194	509,194
2045	405,000	99,816	504,816
2046	430,000	79,463	509,463
2047	450,000	58,013	508,013
2048	470,000	35,588	505,588
2049	495,000	12,066	507,066
	$ 7,180,000	$ 5,012,312	$ 12,192,312

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ -	$ 319,394	$ 319,394
2027	180,000	314,894	494,894
2028	190,000	305,644	495,644
2029	200,000	295,894	495,894
2030	210,000	285,644	495,644
2031	220,000	275,994	495,994
2032	230,000	266,994	496,994
2033	240,000	257,594	497,594
2034	250,000	247,794	497,794
2035	260,000	237,594	497,594
2036	270,000	226,994	496,994
2037	285,000	215,894	500,894
2038	300,000	204,194	504,194
2039	310,000	191,994	501,994
2040	325,000	179,294	504,294
2041	340,000	165,994	505,994
2042	355,000	152,094	507,094
2043	375,000	137,259	512,259
2044	390,000	121,481	511,481
2045	410,000	104,981	514,981
2046	425,000	87,759	512,759
2047	445,000	69,815	514,815
2048	470,000	50,943	520,943
2049	490,000	31,143	521,143
2050	510,000	10,518	520,518
	$ 7,680,000	$ 4,757,797	$ 12,437,797

See accompanying auditor's report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2026	$ 625,000	$ 1,397,700	$ 2,022,700
2027	880,000	1,357,287	2,237,287
2028	910,000	1,309,974	2,219,974
2029	940,000	1,263,150	2,203,150
2030	980,000	1,218,069	2,198,069
2031	1,020,000	1,174,348	2,194,348
2032	1,100,000	1,132,136	2,232,136
2033	1,145,000	1,089,948	2,234,948
2034	1,185,000	1,046,019	2,231,019
2035	1,225,000	1,000,282	2,225,282
2036	1,270,000	952,373	2,222,373
2037	1,370,000	901,229	2,271,229
2038	1,415,000	846,902	2,261,902
2039	1,465,000	789,999	2,254,999
2040	1,550,000	729,316	2,279,316
2041	1,630,000	664,527	2,294,527
2042	1,685,000	596,801	2,281,801
2043	1,750,000	526,106	2,276,106
2044	1,840,000	451,653	2,291,653
2045	1,935,000	373,139	2,308,139
2046	2,000,000	291,136	2,291,136
2047	1,880,000	210,378	2,090,378
2048	1,755,000	133,640	1,888,640
2049	1,675,000	58,490	1,733,490
2050	510,000	10,518	520,518
	$ 33,740,000	$ 19,525,120	$ 53,265,120

See accompanying auditor's report.

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Crosswinds Municipal Utility District
TSI-6. Change in Long-Term Bonded Debt
September 30, 2025

	Bond Issue			
	Series 2018 Road	Series 2020 Road	Series 2021	Series 2022
Interest rate	4.00% - 4.375%	2.00% - 3.00%	2.00% - 4.50%	4.00% - 6.50%
Dates interest payable	4/1; 10/1	4/1; 10/1	4/1; 10/1	4/1; 10/1
Maturity dates	4/1/22 - 4/1/46	4/1/23 - 4/1/47	4/1/24 - 4/1/48	4/1/25 - 4/1/49
Beginning bonds outstanding	$ 3,025,000	$ 3,180,000	$ 2,730,000	$ 7,580,000
Bonds issued				
Bonds retired	(75,000)	(75,000)	(75,000)	(170,000)
Ending bonds outstanding	$ 2,950,000	$ 3,105,000	$ 2,655,000	$ 7,410,000
Interest paid during fiscal year	$ 124,813	$ 86,125	$ 67,743	$ 337,913
Paying agent's name and city				
All Series	UMB Bank, N.A., Austin, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 90,000,000	$ 90,000,000	$ 35,300,000	$ 45,890,000
Amount Issued	(13,205,000)		(21,440,000)	
Remaining To Be Issued	$ 76,795,000	$ 90,000,000	$ 13,860,000	$ 45,890,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of September 30, 2025:	$ 1,158,868
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,130,605

See accompanying auditor's report.

Bond Issue			
Series 2023	Series 2023A	Series 2024 Road	Totals
4.00% - 7.00% 4/1; 10/1 4/1/25 - 4/1/49	4.50% - 7.00% 4/1; 10/1 4/1/26 - 4/1/49	4.00% - 5.00% 4/1; 10/1 4/1/27 - 4/1/50	
$ 2,820,000	$ 7,180,000	$ -	$ 26,515,000
		7,680,000	7,680,000
(60,000)			(455,000)
$ 2,760,000	$ 7,180,000	$ 7,680,000	$ 33,740,000
$ 123,662	$ 366,613	$ 266,161	$ 1,373,030

Crosswinds Municipal Utility District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Service availability fees	$ -	$ -	$ -	$ 63,000	$ 234,000
Permit fees				14,000	52,000
Property taxes	1,013,116	745,970	526,507	401,569	249,449
Penalties and interest	4,380	1,883	1,369	1,113	1,117
Miscellaneous	557			53,332	30,750
Investment earnings	131,013	130,057	93,103	13,639	880
Total Revenues	1,149,066	877,910	620,979	546,653	568,196
Expenditures					
Operating and administrative					
Professional fees	150,424	140,400	167,891	147,129	132,080
Contracted services	53,500	50,744	44,178	33,324	32,178
Repairs and maintenance	203,566	186,636	170,315	194,300	128,497
Utilities	72,083	18,172	12,735	9,037	8,806
Administrative	22,865	24,364	14,158	22,689	17,597
Other	2,002	2,326	1,360	1,302	711
Total Expenditures	504,440	422,642	410,637	407,781	319,869
Revenues Over Expenditures	644,626	455,268	210,342	138,872	248,327
Fund Balance, Beginning of the year	2,637,150	2,181,882	1,971,540	1,832,668	1,584,341
End of the year	$ 3,281,776	$ 2,637,150	$ 2,181,882	$ 1,971,540	$ 1,832,668

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
			12%	41%
			3%	9%
89%	85%	85%	73%	45%
*	*	*	*	*
*			10%	5%
11%	15%	15%	2%	*
100%	100%	100%	100%	100%
13%	16%	27%	27%	23%
5%	6%	7%	6%	6%
18%	21%	27%	36%	23%
6%	2%	2%	2%	2%
2%	3%	2%	4%	3%
*	*	*	*	*
44%	48%	65%	75%	57%
56%	52%	35%	25%	43%

Crosswinds Municipal Utility District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	$ 1,826,367	$ 1,288,696	$ 863,774	$ 480,046	$ 311,806
Penalties and interest	7,513	3,188	2,096	1,332	1,395
Investment earnings	78,152	78,844	56,874	3,430	127
Total Revenues	1,912,032	1,370,728	922,744	484,808	313,328
Expenditures					
Professional fees	2,320	2,027	2,240	1,198	889
Tax collection services	13,342	9,494	5,548	3,230	2,249
Other	1,400	2,375		950	1,601
Debt service					
Principal	455,000	225,000	150,000	75,000	
Interest and fees	1,366,270	1,086,170	716,711	296,279	226,188
Total Expenditures	1,838,332	1,325,066	874,499	376,657	230,927
Revenues Over Expenditures	73,700	45,662	48,245	108,151	82,401
Other Financing Sources					
Proceeds from sale of bonds		179,500	466,862		
Net Change in Fund Balance	73,700	225,162	515,107	108,151	82,401
Fund Balance, Beginning of the year	1,080,264	855,102	339,995	231,844	149,443
End of the year	$ 1,153,964	$ 1,080,264	$ 855,102	$ 339,995	$ 231,844

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
96%	94%	94%	99%	100%
*	*	*	*	*
4%	6%	6%	1%	*
100%	100%	100%	100%	100%
*	*	*	*	*
1%	1%	1%	1%	1%
*	*		*	1%
24%	16%	16%	15%	
71%	79%	78%	61%	72%
96%	96%	95%	77%	74%
4%	4%	5%	23%	26%

Crosswinds Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2025

Complete District Mailing Address:	600 W. 5th Street, Suite 900, Austin, Texas 78701
District Business Telephone Number:	(512) 370-2923
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	February 9, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Amy Laine	05/24 - 05/28	$ 2,210	$ 139	President
Lee Weber	05/22 - 05/26	2,652	837	Vice President
Elizabeth P. Edwards	05/24 - 05/28	2,652	837	Secretary
Anthony Dell'Abate	05/22 - 05/26	2,873	249	Assistant Secretary
Kathleen Kutac	05/24 - 05/28	2,652	35	Assistant Secretary
		Amounts Paid		
Consultants				
Andy Barrett & Associates, PLLC	2015			Attorney
General legal fees		$ 68,750		
Bond counsel		96,000		
Winstead PC	2015			Attorney
General legal fees		51,953		
Bond counsel		104,680		
Si Environmental LLC	2024	42,621		Operator
Bott & Douhitt, PLLC	2020	24,387		Bookkeeper
Hays County Tax Assessor-Collector	2016	211		Tax Collector
Hays County Central Appraisal District	Legislation	20,492		Property Valuation
Carlson, Brigance & Doering, Inc.	2017	17,535		Engineer
McGrath & Co., PLLC	2017	27,500		Auditor
The GMS Group, LLC	2016	159,240		Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

(To be included in the Final Official Statement, if applicable)

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

(To be included in the Final Official Statement)