

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 3 MASTER DISTRICT

**PRELIMINARY OFFICIAL STATEMENT
DATED: JULY 10, 2026**

**\$7,200,000
CONTRACT REVENUE ROAD BONDS
SERIES 2026**

**BIDS FOR THE BONDS TO BE SUBMITTED BY: 10:00 A.M., CENTRAL TIME
BIDS FOR THE BONDS TO BE OPENED AT: 12:00 P.M., CENTRAL TIME
THURSDAY, AUGUST 13, 2026**



CEDAR CREEK
MUNICIPAL ADVISORS

Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

In the opinion of Bond Counsel (herein defined), under current law and subject to conditions described under “TAX MATTERS,” interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code (herein defined)) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described under “TAX MATTERS.”

The Bonds will NOT be designated “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Not Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry-Only

NOT RATED

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 3 MASTER DISTRICT
(A political subdivision of the State of Texas, located within Comal County)

\$7,200,000
Contract Revenue Road Bonds
Series 2026

Interest Accrues from: Date of Delivery

Due: December 1, as shown on the inside cover

The \$7,200,000 Comal County Water Improvement District No. 3 Master District Contract Revenue Road Bonds, Series 2026 (the “Bonds”) are special obligations of Comal County Water Improvement District No. 3 Master District (the “District” or the “Master District”) payable solely from and to the extent of payments contractually required of the municipal utility districts (the “Participants”) within the Service Area (herein defined) from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant or from other revenues available to such Participant (the “Contract Payments”). Payment of Contract Payments by the Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Amended and Restated Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities; Road Facilities (the “Master District Contract”) as described more fully under “THE PARTICIPANTS – Contract Taxes.” The Bonds are special obligations of the Master District payable solely from the Contract Payments and are not obligations of the State of Texas; Comal County, Texas; the City of New Braunfels, Texas; the Participant; or any entity other than the Master District.

The Bonds are dated September 1, 2026, and mature on December 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about September 10, 2026), at the rates set forth on the inside cover, and is payable December 1, 2026, and each June 1 and December 1 thereafter (the “Interest Payment Date”) until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the “Registered Owners”) at BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds, when issued, will constitute valid and binding obligations of the Master District and will be payable from Contract Payments, as further described herein. See “THE BONDS – Source of Payment.”

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as discussed under “THE BONDS – Book-Entry-Only System.”

See “PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS” on the inside cover.

The Bonds constitute the first series of contract revenue road bonds issued by the Master District for the purpose of constructing or acquiring a regional road system to serve the Service Area (the “Master District Road Facilities”).

Investment in the Bonds is subject to special investment risks as described herein. See “RISK FACTORS.”

The Bonds are offered by the winning bidder for the Bonds (the “Initial Purchaser”) subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Attorney General of the State of Texas and the opinion of The Muller Law Group, PLLC, Sugar Land, Texas, (“Bond Counsel”). Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 10, 2026.

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

\$7,200,000 Comal County Water Improvement District No. 3 Master District

Contract Revenue Road Bonds, Series 2026

Due (December 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)	Due (December 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)
2027	\$ 170,000	___%	___%	___	2039 (c)	\$ 290,000	___%	___%	___
2028	175,000	___%	___%	___	2040 (c)	305,000	___%	___%	___
2029	185,000	___%	___%	___	2041 (c)	320,000	___%	___%	___
2030	195,000	___%	___%	___	2042 (c)	335,000	___%	___%	___
2031	205,000	___%	___%	___	2043 (c)	350,000	___%	___%	___
2032 (c)	210,000	___%	___%	___	2044 (c)	365,000	___%	___%	___
2033 (c)	220,000	___%	___%	___	2045 (c)	385,000	___%	___%	___
2034 (c)	235,000	___%	___%	___	2046 (c)	405,000	___%	___%	___
2035 (c)	245,000	___%	___%	___	2047 (c)	420,000	___%	___%	___
2036 (c)	255,000	___%	___%	___	2048 (c)	440,000	___%	___%	___
2037 (c)	265,000	___%	___%	___	2049 (c)	460,000	___%	___%	___
2038 (c)	280,000	___%	___%	___	2050 (c)	485,000	___%	___%	___

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. None of the Master District, the Financial Advisor (herein defined), or the Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.
- (c) The Bonds maturing on December 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part on December 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchaser may designate one (1) or more maturities as term bonds. See "THE BONDS – Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with United States Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”) and in effect on the date of this Preliminary Official Statement, this document constitutes an “official statement” of the District with respect to the Bonds that has been deemed “final” by the District as of its date (or of any such supplement or correction) except for the omission of no more than information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a “final official statement” of the Master District with respect to the Bonds, as such term is defined in the Rule.

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

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering, and other related reports set forth herein 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 Bond Counsel upon payment of duplication costs, for further information.

The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information herein.

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover at a price of _____% of par, resulting in a net effective interest rate to the District _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices 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 assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices 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 SEC, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

The Master District has made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the Initial Purchaser.

RATING

The District has not made an application for an underlying rating on the Bonds. It is not expected that the District would have been successful in receiving an investment grade rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere herein. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

Description.....	The \$7,200,000 Comal County Water Improvement District No. 3 Master District Contract Revenue Road Bonds, Series 2026 (the “Bonds”) are dated September 1, 2026, and mature on December 1 in the years and amounts set forth on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about September 10, 2026) (“Date of Delivery”) at the rates per annum set forth on the inside cover and is payable on December 1, 2026, and each June 1 and December 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one (1) maturity. See “THE BONDS – General.”
Redemption Provisions	The Bonds maturing on and after December 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the Master District, beginning on December 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Redemption Provisions.”
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System discussed herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be payable by the office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, 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.”
Outstanding Bonds	The Master District has previously issued one series of Contract Revenue Bonds: \$13,900,000 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities), Series 2026. At the time of delivery of the Bonds, \$13,900,000 will remain outstanding (the “Outstanding Bonds”). Such Contract Revenue Bonds (defined herein) issued for the Master District Facilities (defined herein) are payable from and secured by payments received by the Participants (defined herein).
Source of Payment	Principal of and interest on the Bonds are payable from and secured by contract payments (the “Contract Payments”) required to be paid to the Master District from the districts within the Service Area (herein defined) that (i) have approved the Master District Contract (herein defined) after approval of such contract by the district’s voters at an election called for such purpose, and (ii) are receiving services from the Master District (the “Participants”). Such contract payments are payable from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant (currently only Comal County Water Improvement District No. 3A, or “WID 3A”) or from other revenues available to such Participant

("Contract Payments"). The Master District will establish a debt service fund to pay the principal of and interest on the Contract Revenue Road Bonds (herein defined), such as the Bonds, (the "Contract Revenue Road Debt Service Fund"). The Master District will establish a debt service fund to pay the principal of and interest on the Contract Revenue Road Bonds (herein defined) to be issued by the Master District in the future (the "Contract Revenue Road Debt Service Fund"). The payment of Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Amended and Restated Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities; and Road Facilities (the "Master District Contract"), which currently has only been entered into between the Master District and WID 3A. By execution of the Master District Contract, each Participant has agreed or will agree to pay a pro rata share of the debt service on the Contract Revenue Road Bonds (herein defined), including the Bonds, which share is based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the "Gross Certified Assessed Valuation") of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually. Each Participant is contractually obligated to make the Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries (the "Contract Tax"), from revenues derived from the operations of such Participant's water distribution and wastewater collection systems, or from any other lawful sources of such Participant's income. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payment, as required by the Master District Contract, could result in an increase in the Contract Payment amount paid by each of the Participants during the time that such Participant's payment is delinquent, as the Participants would have to replenish its respective coverage in the Master District debt service fund.

WID 3A is currently the only Participant; therefore, WID 3A will be responsible for paying 100% of the debt service payments on the Bonds through the Contract Payments made to the Master District from the proceeds of WID 3A's Contract Tax, until such time as there are additional Participants within the Service Area, if ever.

The Bonds are special obligations of the Master District and are not obligations of the State of Texas; Comal County, Texas; the City of New Braunfels, Texas; the Participant; or any entity other than the District. See "THE BONDS – Source of Payment," "THE BONDS – Unconditional Obligation to Pay," and "THE PARTICIPANTS – Contract Taxes."

Contract Revenue Bonds..... The Master District has issued, and is expected to issue additional contract revenue bonds (Contract Revenue System Bonds) (herein defined) for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Master District System Facilities"), and the Master District is expected to issue, in the future, additional contract revenue bonds

for the Master District System Facilities. The Master District is issuing the Bonds, and is expected to issue additional bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the “Master District Road Facilities”). The Master District System Facilities and Master District Road Facilities are collectively referred to as the “Master District Facilities.” The Bonds and any contract revenue road bonds issued for the purpose of constructing or acquiring the Master District Road Facilities are referred to herein as “Contract Revenue Road Bonds,” and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District System Facilities are referred to herein as the “Contract Revenue System Bonds.” The Contract Revenue System Bonds and Contract Revenue Road Bonds are collectively referred to as the “Contract Revenue Bonds.” See “INVESTMENT CONSIDERATIONS – General,” “MASTER DISTRICT FINANCIAL DATA – Tax Rates of the Participants,” and “THE BONDS – Authority for Issuance.”

Authority for Issuance.....	The Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the bond resolution (the “Bond Resolution”) adopted by the Board of Directors of the Master District (the “Board”) on the date of sale of the Bonds, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas. See “THE BONDS – Authority for Issuance,” “THE BONDS – Issuance of Additional Debt,” “MASTER DISTRICT CONTRACT,” and “RISK FACTORS – Future Debt.”
Payment Record.....	The District has timely made all payments of principal and interest due on its bond indebtedness. See “THE BONDS – Source of Payment.” See “THE BONDS – Source of Payment.”
Use and Distribution of Bond Proceeds	Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for costs associated with the construction of the Master District Road Facilities shown under “USE AND DISTRIBUTION OF BOND PROCEEDS.” Additionally, proceeds from the sale of the Bonds will be used to pay: developer interest; eighteen (18) months of capitalized interest; and other certain costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
Municipal Bond Insurance	The Master District has made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the Initial Purchaser. See “MUNICIPAL BOND INSURANCE.”
Rating.....	The District has not made an application for an underlying rating on the Bonds. It is not expected that the District would have been successful in receiving an investment grade rating on the Bonds. See “RATING.”
Not Qualified Tax-Exempt Obligations	The District will NOT designate the Bonds as “Qualified Tax-Exempt Obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
General & Bond Counsel.....	The Muller Law Group, PLLC, Sugar Land, Texas.

Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Austin, Texas.
 Financial Advisor Cedar Creek Municipal Advisors, LLC, Houston, Texas.
 Engineer Pape-Dawson Engineers, LLC, New Braunfels, Texas.
 Paying Agent/Registrar BOKF, NA, Dallas, Texas.

THE MASTER DISTRICT

Description.....Comal County Water Improvement District No. 3 Master District (the “District” or the “Master District”) is a political subdivision of Texas, created pursuant to an Order Dividing into Three Districts, adopted by Comal County Water Improvement District No. 3 (the “Original District”) on February 9, 2024, as authorized by House Bill 3941, 83rd Legislative Session, Regular Session 2013 Chapter 1122 (HB 3941), effective June 14, 2013, as codified in Chapter 8489 of the Texas Special District Local Laws Code (the “Act”). The District operates pursuant to the Act; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Article III, Section 52 of the Texas Constitution. The Service Area (herein defined) is located within the extraterritorial jurisdiction of the City of New Braunfels, Texas (“City”) and wholly within Comal County (“County”). The Service Area is located in the east portion of the County, approximately 7 miles from the central business district of the City. See “THE MASTER DISTRICT – General” and “– Location.”

The Original District was created encompassing approximately 1,984 acres and excluded approximately 96 acres on September 12, 2022. On February 9, 2024, the Original District divided into three municipal utility districts: the Master District, WID 3A, and Comal County Water Improvement District No. 3B (“WID 3B”). Currently the Master District is approximately 15.25 acres. No taxable improvements will be constructed in the Master District. See “THE PARTICIPANTS – Contract Taxes.”

Service Area.....The Master District serves as the provider or financier of regional water, wastewater, drainage, and road facilities (the “Master District Facilities”) to the approximate 1883-acre service area (the “Service Area”) comprised of the Master District, WID 3A, and WID 3B. The Service Area is generally bounded on the west by IH-35 and on the south by Kohlenberg Rd., as more particularly described in the Master District Contract. The Service Area is primarily being developed by Southstar at Mayfair (herein defined) as the master-planned community of Mayfair. As the only district in the Service Area to (i) have approved the Master District Contract; after approval of such contract by the district’s voters at an election called for such purpose, and (ii) be receiving services from the Master District, WID 3A is currently the only Participant. WID 3B has not approved the Master District Contract and is not currently receiving services from the Master District; therefore, it is not currently considered a Participant, though it may become a Participant in the future.

The Master District is not developing taxable value within its boundaries and is not receiving services as a Participant, and the Master District is not intended to become a Participant in the future.

The Master District System Facilities to be financed by the Bonds are for the benefit of the Service Area. The Participants shall be required by the Master District Contract to make Contract Payments for

payment of the debt service on the Bonds. As the only Participant currently within the Service Area, WID 3A is currently the only Participant for purposes of making Contract Payments to the Master District for payment of the Bonds. If other municipal utility districts become active within the Service Area, and their voters approve the Master District Contract, such district would then become a Participant pursuant to the Master District Contract and be required to pay their respective pro-rata shares of debt service payments on the Bonds and any additional Contract Revenue Bonds through the payment of their respective Contract Payments.

The Master District Contract provides that the Service Area may not be modified to decrease in size unless approved by the Master District and all Participants within the Service Area, and, if the Master District has issued Contract Revenue Bonds, the approval of the bondholders is required pursuant to the terms of the Master District's Bonds. The Service Area may not be enlarged without the consent of at least two-thirds of the boards of directors of the District's that are: (A) included in the Service Area as proposed to be enlarged; or (B) served by the Master District Facilities or services provided in the Master District Contract.

Developer and Principal Landowners

Within the Service Area..... Southstar at Mayfair Developer, LLC, a Texas limited liability company ("Southstar at Mayfair" or the "Developer"), is the primary developer of land within the Service Area. Southstar at Mayfair is a thinly capitalized limited partnership whose assets consist of the land in the District and within the Mayfair development and the receivables due from the District for development costs. Southstar at Mayfair is a single purpose entity formed for the purpose of developing the land it owns in the District and within the Mayfair development. Southstar at Mayfair has entered into a management agreement with Southstar Communities Operations LLC, a Delaware limited liability company ("Southstar"), for the purpose of managing the day-to-day development activities within the District. Southstar and the Southstar at Mayfair are under common ownership and control.

Southstar at Mayfair has sold certain sections within WID 3A to other development entities as described herein to develop the internal water, wastewater, and drainage facilities within those sections. Such development entities may be referred to herein as "POD Developers." Southstar at Mayfair has retained all reimbursement rights for the Master District Facilities and the internal facilities of the Service Area.

Approximately 37.315 acres within WID 3A have been developed as Parcel E-9N by Ranch Road Mayfair, LLC, a Texas limited liability company ("Ranch Road Mayfair"). All horizontal infrastructure to serve Parcel E-9N is now complete.

Felder CND Mayfair LLC, a Texas limited liability company ("Felder CND") developed approximately 34.46 acres within WID 3A as Parcel E-6 comprised of 194 completed lots. All horizontal infrastructure to serve Parcel E-6 is now complete and Felder Homes and David Weekley Homes are constructing the homes within Parcel E-6.

See "THE DEVELOPER AND PRINCIPAL LANDOWNERS – Description of the Developer and Principal Landowners" and "DEVELOPMENT WITHIN THE SERVICE AREA."

Development within the Service Area	To date, development within the Service Area has only occurred within the boundaries of WID 3A. Within WID 3A, approximately 196.63 acres (966 lots) have been developed into the single-family residential subdivision of Parcel E-6, Parcel E-8, Unit 1 & 2, Parcel E-9N, Parcel E-9S, and Parcel E-12. As of July 10, 2026, 271 homes were complete (206 occupied, 52 unoccupied, and 13 models), 259 homes were under construction, and 436 lots were developed and vacant. The remaining land within WID 3A consists of approximately 85.96 acres under development, approximately 186.26 remaining developable acres, and approximately 19 undevelopable acres. The remaining land within the Service Area consists of approximately 1,394.85 undeveloped acres. See “DEVELOPMENT WITHIN THE DISTRICT – Status of Development within the District.”
Homebuilders Active within the Service Area	Homebuilders active within the Service Area include: Empire Homes, Perry Homes; Highland Homes; Coventry Homes; Toll Brothers; David Weekley Homes; Scott Felder Homes; and DR Horton Homes. The homes being marketed in the Service Area range in price from approximately \$292,000 to over \$810,000.
Master District Facilities	The Master District, in its capacity as the provider of the Master District Facilities, will construct or finance the construction of the Master District Facilities for the benefit of the Service Area. The Master District will continue to own and operate the Master District Facilities, with the exceptions of water and sanitary sewer facilities, which have been or will be conveyed to the City, and the roads, which have been or will be conveyed to the County. See “RISK FACTORS – Maximum Impact on Contract Tax Rate” and “MASTER DISTRICT FACILITIES.”
Strategic Partnership Agreement.....	The Original District entered into an agreement with the City for the Service Area (the “Strategic Partnership Agreement”). The Strategic Partnership Agreement provides, among other things, the terms under which the City can annex or dissolve the districts created by the division of the Original District, including the Master District and WID 3A. If the Master District is dissolved pursuant to the Strategic Partnership Agreement, if ever, the Bonds and any additional Contract Revenue Bonds issued by the Master District will become obligations of the City. See “THE BONDS – Annexation and Consolidation” and “Strategic Partnership Agreement and Development Agreement.”

THE MASTER DISTRICT CONTRACT

Participants.....	The Participants (currently only WID 3A) have entered into or are anticipated to enter into the Master District Contract with the Master District. Each Participant is a municipal utility district organized and operating pursuant to Article XVI, Section 59, and Article III, Section 52 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, to provide water, wastewater, drainage, and road facilities to serve the area within their boundaries. See “THE PARTICIPANTS.”
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Operational Revenues..... In addition to obligating each Participant to pay its Contract Payments, the Master District Contract also obligates each Participant to pay monthly charges to the Master District. The monthly charges paid by each Participant to the Master District will be used to pay operations and maintenance expenses and to provide an operation and maintenance reserve. The Master District Contract provides that each Participant will establish, maintain, and, from time to time, adjust its rates, fees, and charges for use of its water distribution and wastewater collection services, or for the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source will be sufficient at all times to pay all operation and maintenance expenses of the Participant's water distribution and wastewater collection systems and its obligation to the Master District under the Master District Contract, including its obligation to pay its Contract Payments. See "MASTER DISTRICT CONTRACT."

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT RISKS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION HEREIN ENTITLED "RISK FACTORS."

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

Contract Revenue Bonds of the Master District

2025 Gross Assessed Valuation of the Participants..... (100% of the taxable value as of January 1, 2025)	\$ 86,272,434	(a)
Preliminary 2026 Gross Assessed Valuation of the Participants..... (100% of the preliminary taxable value as of January 1, 2026)	\$ 236,015,705	(b)
Estimated Gross Assessed Valuation of the Participants as of April 1, 2026 (100% of the estimated taxable value as of April 1, 2026)	\$ 251,564,798	(c)
Direct Debt:		
The Outstanding Bonds (as of the Date of Delivery).....	\$ 13,900,000	
The Bonds	<u>\$ 7,200,000</u>	
Total.....	\$ 21,100,000	
Estimated Overlapping Debt.....	<u>\$ 9,398,703</u>	(d)
Total Direct and Estimated Overlapping Debt	\$ 30,498,703	
Direct Debt Ratios:		
Based on the 2025 Gross Assessed Valuation of the Participants	24.46	%
Based on the Preliminary 2026 Gross Assessed Valuation of the Participants	8.94	%
Based on the Estimated Gross Assessed Valuation of the Participants as of April 1, 2026.....	8.39	%
Direct and Estimated Overlapping Debt Ratios:		
Based on the 2025 Gross Assessed Valuation of the Participants	35.35	%
Based on the Preliminary 2026 Gross Assessed Valuation of the Participants	12.92	%
Based on the Estimated Gross Assessed Valuation of the Participants as of April 1, 2026.....	12.12	%

Master District Debt Service Funds Available as of the Issuance of the Bonds

Contract Revenue System Debt Service Fund Balance (as of July 10, 2026)	\$ 1,094,625	(e)(h)
Contract Revenue Road Debt Service Fund Balance (as of Date of Delivery)	\$ 684,000	(f)(h)
Operating Fund Balance (as of July 10, 2026).....	\$ 12,811	(g)

-
- (a) Represents the gross assessed valuation of all taxable property located within the Participant as of January 1, 2025, as provided by the Comal Appraisal District ("the Appraisal District"). The Participant's tax roll is certified by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as the preliminary gross value as of January 1, 2026. This value represents the preliminary determination of the taxable value in the District as of January 1, 2026, provided by the Appraisal District. No taxes will be levied on this value, which is subject to review and downward adjustment. See "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within all Participants as of April 1, 2026, and includes the gross estimate of values resulting from the construction of taxable improvements from January 1, 2025, through April 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
- (d) See "MASTER DISTRICT FINANCIAL DATA" – Estimated Direct and Overlapping Debt Statement."
- (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Contract Revenue System Debt Service Fund (herein defined). The funds in the Contract Revenue System Debt Service Fund are pledged only to pay debt service on the Bonds or any additional Contract Revenue System Bonds (defined herein) the District may hereafter issue.
- (f) Represents eighteen (18) months of capitalized interest to be deposited on the Date of Delivery. Neither Texas law nor the Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue Road Debt Service Fund. Money deposited into the Contract Revenue Road Debt Service Fund can only be used to pay debt service on the Bonds (defined herein), such as the Bonds.
- (g) See "RISK FACTORS – Operating Funds."
- (h) Each Participant is obligated to pay its pro rata share of debt service on the Contract Revenue Bonds issued for the purposes of acquiring or constructing the Master District Facilities (defined herein) by the dates specified by the Master District. See "THE BONDS – Contract Payments by the Participants".

Debt Service Requirements on the Bonds

Estimated Average Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2026-2050)..... \$ 1,465,869 (a)

Estimated Maximum Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2050)..... \$ 1,512,197 (a)

Contract Tax Rate per \$100 of Assessed Valuation Required to Pay the
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2026-2050)

at 95% Tax Collections:

Based on the 2025 Gross Assessed Valuation of the Participants \$ 1.79

Based on the Preliminary 2026 Gross Assessed Valuation of the Participants \$ 0.66

Based on the Estimated Gross Assessed Valuation of the
Participants as of April 1, 2026 (\$251,564,798)..... \$ 0.62

Contract Tax Rate per \$100 of Assessed Valuation Required to Pay the
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2050)

at 95% Tax Collections:

Based on the 2025 Gross Assessed Valuation of the Participants \$ 1.85

Based on the Preliminary 2026 Gross Assessed Valuation of the Participants \$ 0.68

Based on the Estimated Gross Assessed Valuation of the
Participants as of April 1, 2026 (\$251,564,798)..... \$ 0.64

(a) Debt service on the Bonds is estimated at an interest rate of 4.75%. See "SELECTED FINANCIAL INFORMATION - Estimated Debt Service Requirement Schedule."

{UPDATE} Status of Development as of July 10, 2026

District	Total Acreage	Completed Lots	Occupied Completed Homes	Unoccupied Completed Homes	Homes Under Construction	Vacant Developed Lots	Lots Under Development
Master District	15.25	-	-	-	-	-	-
WID 3A	488.10	966	206	65 (a)	259	436	358
Total	503.35	966	206	65	259	436	358

Estimated Population of the Service Area: 721 (b)

(a) Includes 13 model homes.

(b) Based upon 3.5 average residents per occupied completed home.

Tax Rates of the Participants

Participant	2025 Road Debt Service Tax Rate	2025 Utility Debt Service Tax Rate	2025 Maintenance Tax Rate	2025 Contract Tax Rate	Total 2025 Tax Rate
WID 3A	\$ 0.000	\$ 0.000	\$ 0.950	\$ 0.00	\$ 0.950

Estimated Debt Service Requirement Schedule

The following schedule sets forth the principal and estimated interest requirements for the Bonds, assuming the Bonds are issued at an interest rate of 4.75%. Totals may not sum due to rounding.

Year Ending 12/31	Outstanding Debt Service	The Bonds		Total Debt Service
		Principal	Interest	
2026	\$ 280,494	\$ -	\$ -	\$ 280,494
2027	957,294	170,000	344,019	1,471,313
2028	952,144	175,000	336,003	1,463,147
2029	951,019	185,000	327,809	1,463,828
2030	943,594	195,000	319,141	1,457,734
2031	940,194	205,000	309,997	1,455,191
2032	935,494	210,000	300,319	1,445,813
2033	929,494	220,000	290,463	1,439,956
2034	922,194	235,000	280,191	1,437,384
2035	921,294	245,000	269,147	1,435,441
2036	927,894	255,000	257,628	1,440,522
2037	933,494	265,000	245,634	1,444,128
2038	938,094	280,000	233,225	1,451,319
2039	941,694	290,000	220,044	1,451,738
2040	949,294	305,000	206,447	1,460,741
2041	954,956	320,000	192,138	1,467,094
2042	958,606	335,000	177,116	1,470,722
2043	960,981	350,000	161,381	1,472,363
2044	967,081	365,000	144,934	1,477,016
2045	970,800	385,000	127,834	1,483,634
2046	977,050	405,000	109,784	1,491,834
2047	981,500	420,000	90,725	1,492,225
2048	984,150	440,000	71,013	1,495,163
2049	990,000	460,000	50,350	1,500,350
2050	998,400	485,000	28,797	1,512,197
Total	\$23,167,206	\$ 7,200,000	\$ 5,094,138	\$ 35,461,344

Estimated Average Annual Requirement
on the Outstanding Bonds and the Bonds (2026–2050)..... \$1,465,869

Estimated Maximum Annual Requirement
on the Outstanding Bonds and the Bonds on the Bonds (2050)..... \$1,512,197

PRELIMINARY OFFICIAL STATEMENT

relating to

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 3 MASTER DISTRICT

(A political subdivision of the State of Texas, located within Comal County)

\$7,200,000

Contract Revenue Road Bonds

Series 2026

INTRODUCTION

This Preliminary Official Statement provides certain information in connection with the issuance by Comal County Water Improvement District No. 3 Master District (the “District” or the “Master District”) of the \$7,200,000 Comal County Water Improvement District No. 3 Master District Contract Revenue Road Bonds, Series 2026 (the “Bonds”).

The Bonds are issued by the Master District pursuant to the Master District Contract (defined herein); the terms and conditions of the bond resolution (the “Bond Resolution”) adopted by the Board of Directors of the Master District (the “Board”) on the date of sale of the Bonds; and pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended,, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

Unless otherwise indicated, capitalized terms used herein have the same meaning assigned to such terms in the Bond Resolution.

Included herein are descriptions, among others, of the Bonds, the Bond Resolution, and certain other information about the Participants (herein defined), the Master District, the approximately 1883-acre service area (the “Service Area”) to be provided with the Master District Facilities (herein defined), the Developer (herein defined) and the Amended and Restated Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities; and Road Facilities entered into by the Participant and the Master District (the “Master District Contract”). 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 Bond Counsel (herein defined) at 202 Century Square Boulevard, Sugar Land, Texas 77478, or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056, upon payment of reasonable copying, mailing and handling charges.

RISK FACTORS

General

The Master District is issuing the Bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the “Master District Road Facilities”). The Master District Contract defines the “Service Area” as the approximate 1883 acres consisting of the Master District, Comal County Water Improvement District No. 3A (“WID 3A”), and Comal County Water Improvement District No. 3B (“WID 3B”), all as more particularly described in the Master District Contract. The Service Area is being primarily developed by Southstar at Mayfair (herein defined) as the master-planned community of Mayfair, and is generally bounded on the west by IH-35 and on the south by Kohlenberg Rd. WID 3A is currently the only district within the Service Area that (i) has approved the Master District Contract (defined herein), after approval of such contract by WID 3A’s voters at an election called for such purpose, and (ii) is receiving services from the Master District. As such, WID 3A is currently the only “Participant,” pursuant to the Master District Contract. WID 3B (i) has not approved the Master District Contract and (ii) is not currently receiving services from the Master District; therefore, it is not currently considered a Participant, though it may become a Participant in the future. The Master District is not developing taxable value within its boundaries and is not receiving services as Participant, and the Master District is not intended to become a Participant in the future.

The Bonds are special obligations of the Master District and are not obligations of Texas; Comal County, Texas (the “County”); the City of New Braunfels, Texas (the “City”); the Participants (hereinafter defined); or any entity other than the Master District, and are payable solely from the revenues pledged thereto. Contract Revenue Road Bonds issued by the Master District for the purpose of constructing or acquiring the Master District Road Facilities, including the Bonds, are payable solely from and to the extent of certain contract

payments received by the Master District from the Participants pursuant to the Master District Contract, with each participant's annual contract payment being equal to its pro rata share of annual debt service on the Master District's contract revenue road bonds, including the Bonds, plus all charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds, established under the Bond Resolution, based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant (the "Gross Certified Assessed Valuation") of each such Participant as a percentage of the total Gross Certified Assessed Valuation of all Participants (the "Contract Payments"). Each Participant is contractually obligated to make the Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (the "Contract Tax"), from revenues derived from the operations of such Participant's water distribution and wastewater collection systems, or from any other lawful sources of such Participant's income. **The obligations of the Participants to make Contract Payments are several, not joint, obligations prorated among the Participants based upon the proportions of the Gross Certified Assessed Valuation of property within their respective boundaries to the total Gross Certified Assessed Valuation of property within all Participants, as described herein.** No Participant is obligated to pay the Contract Payments allocated to any other Participant; however, lack of payment by any Participant could result in an increase in the Contract Payment amount paid by each of the other Participants during the time that such Participant's payment is delinquent as the Master District may include a reserve amount in the Contract Payment due from each Participant. The security for payment of the principal of and interest on the Bonds by the Master District, therefore, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Contract Payments. The collection by each Participant of delinquent taxes owed to it may be a costly and lengthy process. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy" and "THE BONDS – Source of Payment."

Currently, as the only Participant, WID 3A is responsible for paying 100% of the debt service on the Bonds through its Contract Payments to the Master District from the proceeds of its Contract Tax.

Economic Factors and Interest Rates

The rate of development of the Service Area is directly related to the vitality of the residential and commercial industry in the San Antonio area. New residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of residential construction activity would restrict the growth of property values within the Service Area. The Master District and Participant cannot predict the pace or magnitude of any future development within the Service Area. See "DEVELOPMENT WITHIN THE SERVICE AREA."

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for developmental costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, the Master District is unable to assess the future availability of such funds for continued construction within the Service Area. In addition, since the Service Area is located approximately 5 miles northeast of downtown New Braunfels, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the San Antonio and regional economies. A downturn in the economic conditions of San Antonio and the nation could adversely affect development and home-building plans within the Service Area and restrain the growth of the Service Area's property tax base.

Rental Homes

All 217 homes within Parcel E-9S of the District are being developed by Empire Homes as a single-family residential rental community known as Village at Mayfair. To date, approximately 19.74 acres (217 lots) within the District have been developed for rental home use. Of these, 51 homes have been completed (19 occupied, 30 unoccupied, and 2 designated as model homes), and 166 homes were under construction.

It is anticipated that Empire Homes will continue to own all of the homes constructed in Village at Mayfair and will continue to be a principal taxpayer. On the 2025 certified tax roll, such taxpayer represents a total of \$2,732,250 or 3.17% of the 2025 Taxable Assessed Valuation of \$86,272,434. See "TAX DATA—Principal Taxpayers."

Empire Homes as the owner of the homes in Village at Mayfair, is responsible for the payment of property taxes,

maintenance of the homes and the landscape maintenance of the front yards.

Undeveloped Acreage and Vacant Lots

To date, there are approximately 186.26 undeveloped but developable acres within the Service Area that have not been provided with water, wastewater, drainage, road, and other facilities necessary for the construction of taxable improvement. In addition, there are 436 vacant developed lots within the Service Area. The Master District makes no representation as to when or if development of the undeveloped but developable acreage will occur or that the lot sales and building program will be successful. See “DEVELOPMENT WITHIN THE SERVICE AREA.”

Dependence on Major Taxpayers and the Developer

The top 10 principal taxpayers within the Service Area represent \$41,251,396, or approximately 47.82%, of the 2025 Gross Certified Assessed Valuation of the Participant. Southstar at Mayfair Developer, LLC, a Texas limited liability company (“Southstar at Mayfair” or the “Developer”), represents \$20,015,743, or approximately 23.20% of such value. See “TAX DATA – Principal Taxpayers.” If Southstar at Mayfair, any principal taxpayer or a combination of taxpayers were to default in the payment of taxes in an amount which exceeds the amount in the debt service fund created to pay debt service on bonds issued for the Master District System Facilities including the Bonds (the “Contract Revenue System Debt Service Fund”), the ability of the Master District to make timely payment of debt service on the Bonds would be dependent on the ability of the Participant to enforce and liquidate their tax liens, which is a time consuming process. Failure to recover or borrow funds in a timely fashion could result in an Participant being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The Master District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its Contract Revenue System Debt Service Fund. See “RISK FACTORS – Tax Collection Limitations,” “TAXING PROCEDURES – Levy and Collection of Taxes,” and “APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT.”

Neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The Master District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or any other landowner within the Service Area to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The Master 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 or any other landowner. See “THE DEVELOPER AND PRINCIPAL LANDOWNERS WITHIN THE SERVICE AREA.”

Operating Funds

Each Participant is obligated to pay monthly charges to the Master District for its share of the Master District’s operation and maintenance expenses in connection with the Master District’s provision of service from the Master District Facilities. See “Operational Expenses” below. The Master District’s general fund balance as of July 10, 2026, was \$12,811. The revenue produced from the Monthly Charges (defined herein) in subsequent years may not be sufficient to offset the operating expenses of the Master District. Continued maintenance of positive general fund balance will depend upon (1) cash subsidies from the Developer(s) and (2) continued development and increased amounts of maintenance tax revenue from the Participants.

Increase in Costs of Building Materials and Labor Shortages

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

Operational Expenses

Each Participant is obligated to pay monthly charges to the Master District for its share of the Master District's operation and maintenance expenses in connection with the Master District's provision of service from the Master District Facilities. The monthly charges paid by each Participant to the Master District is used to pay each Participant's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections ("ESFCs") reserved to each Participant on the first day of the previous month by the unit cost per ESFC. The monthly cost per ESFC being charged by the Master District to each Participant presently is \$31.91 for water and wastewater services and \$28.50 for firefighting services for fiscal year 2026. See "MASTER DISTRICT FACILITIES." Residents in the Service Area also pay a renewal and replacement fee of \$0.40 per 1,000 gallons of water used and a surface water fee of \$3.20 per 1,000 gallons of water used to the City.

No Reserve Fund

The Bonds will be issued pursuant to the Bond Resolution wherein the Contract Payments will be pledged to payment of debt service on the Bonds. The Bond Resolution confirms the Contract Revenue Road Debt Service Fund but does not create designated reserve funds. Each Participant's pro rata share of the Contract Payments is calculated by the Master District. The Master District's annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year's annual debt service requirements and, at the option of the Master District, up to 50% of the following year's annual debt service requirements to establish a replenishment amount in the debt service fund, which when paid by the Participants, will be deposited into the debt service fund. Delay or failure of any Participant to pay its pro rata share of the debt service requirements may adversely affect payment of the Bonds. There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners (herein defined). Any action in mandamus as a result of a payment or other default under the Bond Resolution would have to be brought by the Registered Owners themselves against the Master District, and such an action would not necessarily operate to enforce rights against other Participants. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy."

Potential Impact of Natural Disaster

The Service Area could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the Service Area, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the Service Area or an increase in the Service Area's tax rates. See "TAXING PROCEDURES – Reappraisal of Property after Disaster."

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

Overlapping Debt and Tax Rates

The Master District and WID 3A may each independently issue additional debt which may change the projected and actual tax rates in the future.

Landowners are or will be responsible for the payment of ad valorem taxes levied by each Participant for payment of Contract Payments. In addition, owners of property located within the Participant are responsible for the payment of ad valorem taxes levied by each Participant for the payment of debt service on unlimited tax bonds issued by each Participant and ad valorem taxes levied by each Participant for the purpose of paying the Participant's operation and maintenance costs. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION

REGARDING THE PARTICIPANT” for information related to each Participant’s indebtedness and taxation requirements.

In addition, property located within the Service Area is subject to taxation by various other governmental entities. See “RISK FACTORS – Debt Burden on Property Within the Service Area” and “TAX DATA – Estimated Overlapping Taxes.”

Maximum Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Participants will be the major determinant of the ability and willingness of property owners to pay their taxes. The 2025 Gross Certified Assessed Valuation of the Participants is \$86,272,434, the Preliminary 2026 Gross Assessed Valuation of the Participants is \$236,015,705, and the estimated gross assessed valuation of the Participants as of April 1, 2026, is \$251,564,798. See “TAX DATA.” After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be \$1,512,197 (2050) and the average annual debt service requirement on the Bonds and the Outstanding Bonds will be \$1,465,869 (2026-2050). Assuming no increase or decrease from the 2025 Gross Certified Assessed Valuation, a Contract Tax rate of \$1.85 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and a Contract Tax rate of \$1.79 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Bonds. Assuming no increase or decrease from the Preliminary 2026 Gross Assessed Valuation, a Contract Tax rate of \$0.68 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and a Contract Tax rate of \$0.66 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Bonds and the Outstanding Bonds. Assuming no increase or decrease from the estimated gross assessed valuation of the Participants as of April 1, 2026, a Contract Tax rate of \$0.64 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and a Contract Tax rate of \$0.62 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Bonds and the Outstanding Bonds. See “SELECTED FINANCIAL INFORMATION – Estimated Debt Service Requirement Schedule,” “SELECTED FINANCIAL INFORMATION – Contract Revenue Bonds of the Master District,” and “TAX DATA – Tax Rate Calculations.”

While the Master District makes no representation regarding the likelihood of adverse economic conditions requiring the levy of a higher tax rate, it is expected that the combined tax rate of a Participant (including any Contract Tax), but excluding other taxing entities, will not exceed \$0.95 per \$100 of assessed valuation. See “TAX DATA.” See “MASTER DISTRICT FINANCIAL DATA,” “TAX DATA,” and “TAXING PROCEDURES.”

Competition

The demand for and construction of single-family homes within the Service Area, which is approximately 5 miles from the central downtown business district of New Braunfels, could be affected by competition from other residential developments including other residential developments located in the northern portion of the San Antonio area. In addition to competition for new home sales from other developments, there are numerous previously owned homes near the Service Area and in more established neighborhoods closer to San Antonio. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of the Developer, the current developers in the Service Area, in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values within the Service Area. The Master District can give no assurance that building and marketing programs within the Service Area by the Developers or any future developers will be implemented or, if implemented, will be successful.

Debt Burden on Property Within the Service Area

The total tax rate paid by property owners within the Service Area is a major factor in the demand for single-family homes within the Service Area. The Master District Contract requires that the Participants make Contract Payments from the Contract Tax or other lawfully available funds. In addition, other contract tax payments are required of the Participants by the Master District Contract. See “MASTER DISTRICT CONTRACT.” Furthermore, each Participant will be required to levy taxes on property within its boundaries (without legal limit as to rate or amount) to pay annual principal and interest on any unlimited tax bonds issued in the future

by the Participant to fund internal water, wastewater, drainage, road, and park and recreational facilities within the Participant's boundaries. Each Participant may also levy taxes on property within its boundaries to pay operations and maintenance expenses. For the 2025 tax year, WID 3A, the only currently active Participant, levied a maintenance and operations tax rate of \$0.95 per \$100 of assessed valuation.

The tax rate that may be required to service debt on any bonds issued by the Master District or a Participant is subject to numerous uncertainties such as the growth of taxable values within such district, the amount of the bonds issued, regulatory approvals, construction costs and market interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated in the Service Area will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the Service Area and the investment quality or security of the Bonds could be adversely affected.

In addition, the Participants are within the taxing jurisdiction of other taxing entities, including the County and Comal Independent School District. Each of these entities currently levies various taxes on property within the boundaries of the Participants in addition to the other taxes listed above.

While the Master District makes no representation regarding the likelihood of adverse economic conditions requiring the levy of a higher tax rate, it is expected that the combined tax rate of a Participant (including any Contract Tax), but excluding other taxing entities, will not exceed \$1.20 per \$100 of assessed valuation. See "TAX DATA."

Tax Collection Limitations

The Master District's ability to make debt service payments may be adversely affected by each Participant's inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a Participant constitutes a lien in favor of such Participant on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. A Participant's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the Participant's boundaries and limiting the proceeds from a foreclosure sale of such property, or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential property and all other property after the purchaser's deed issued at the foreclosure is filed in the county records. While the Participant has a lien on taxable property within the Participant's boundaries for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the Participant from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Participant's boundaries pursuant to Federal Bankruptcy Code could stay any attempt by such Participant to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – Participant's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS – No Reserve Fund."

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners" and each a "Registered Owner") have a right to seek a writ of mandamus requiring the Master District to perform the covenants and obligations of the Bond Resolution. Except for the mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce such interests of the Registered Owners. There is no provision for acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the Master District, such a judgment could not be enforced by a direct levy and execution against the Master District's property. Further, the Registered Owners themselves cannot foreclose on property within the Service Area or sell property within the Service Area in

order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further 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 Master District and Participants. In this regard, should the Master District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS – Registered Owners’ Remedies.”

Marketability

The Master District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (the “Initial Purchaser”) regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Future Debt

Pursuant to the Master District Contract and in connection with the development of the Service Area, the Master District may issue Contract Revenue Bonds in an amount necessary to provide the Master District Facilities. The Master District Contract also authorizes the Master District to refund any outstanding Contract Revenue Bonds. Any future Contract Revenue Bonds will be on a parity with the Bonds. The Master District is expected to issue additional Contract Revenue Bonds. The Master District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of Contract Revenue Bonds which it may issue. The issuance of additional Contract Revenue Bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, except that no TCEQ approval is currently required for the issuance of Contract Revenue Road Bonds to fund road projects. See “RISK FACTORS – Maximum Impact on Contract Tax Rate” and “THE BONDS – Issuance of Additional Debt.”

The Bonds and all additional Contract Revenue Bonds issued by the Master District, will be payable from the Contract Tax levied by the Participants. The Master District Contract does not impose limitations on the amount of Contract Revenue Bonds the Master District may issue.

Each Participant has voted bonds for purposes of providing internal water, wastewater, drainage, road, and park and recreational facilities within their respective boundaries. See “APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT” for a description of the voter authorized bonds, principal amount of bonds issued (if any), and principal amount of bonds outstanding for each Participant.

As of May 11, 2026, the Master District owes the Developer approximately \$11,400,398 for expenditures to construct the Master District Facilities. If additional Contract Revenue Bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

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 San Antonio area. Under the Clean Air Act (“CAA”) Amendments of 1990, the four-county San Antonio area (“San Antonio Area”)-Bexar, Comal, Guadalupe, and Wilson Counties-has been designated an attainment/unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”).

However, the San Antonio Area is currently designated as a “serious” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

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 San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio 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 San Antonio Area. It is possible that additional controls will be necessary to allow the San Antonio Area to maintain and/ or achieve attainment with the ozone standards. Such additional controls could have a negative impact on the San Antonio 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 San Antonio 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 nonstormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an

impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CW A 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 CW A 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.

Approval of the Bonds

The Attorney General of the State of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of the State of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained herein.

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.

Cybersecurity

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

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Special Flood Type Risks

The District may be subject to the following flood risks:

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

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with such covenants contained in the Bond Resolution 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 issue. See "TAX MATTERS."

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. The District has yet to determine whether an insurance policy will be available for purchase with the Bonds. If an insurance policy is available for purchase with the Bonds, and purchased, the following are risk factors relating to bond insurance.

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

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies 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 "MUNICIPAL BOND INSURANCE" and "RATING."

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 “MUNICIPAL BOND INSURANCE” for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The Bonds are dated September 1, 2026, and mature on December 1 in the years and amounts set forth on the inside cover. Interest on the Bonds accrues from the Date of Delivery (on or about September 10, 2026) at the rates per annum set forth on the inside cover and is payable on December 1, 2026, and each June 1 and December 1 (each an “Interest Payment Date”) thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 of principal amount or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”).

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system (the “Book-Entry-Only System”) has been provided by DTC for use in disclosure documents such as this Official Statement. The Master District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Master District and the Financial Advisor 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 Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner discussed herein. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the “SEC”), and the current procedures of DTC to be followed in dealing with Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be required by an authorized representative of DTC. One (1) fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities

Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The holder of ownership interest of each actual purchase of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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 Issue 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).

Redemption proceeds, principal, and interest 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 Master District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities 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, Paying Agent/Registrar or the Master District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Master 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 Master District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Master District may decide to discontinue use of the Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in the section concerning DTC and the Book-Entry-Only System has been obtained from sources that the Master District believes to be reliable, but the Master District takes no responsibility for the accuracy thereof.

Replacement of Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds are transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three (3) business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one (1) maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Redemption Provisions

The Bonds maturing on and after December 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on December 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one (1) or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner (the “Registered Owners”) appearing on the registration and transfer books (the “Register”) of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the “Record Date”) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date” which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Authority for Issuance

The Bonds constitute the first series of Contract Revenue Road Bonds issued by the Master District from the \$635,000,000 principal amount of Contract Revenue Road Bonds for the purpose of constructing or acquiring the Master District Road Facilities, and \$635,000,000 for the purpose of refunding such bonds. Additionally, the Master District Contract authorized the issuance of \$1,486,000,000 principal amount of Contract Revenue Bonds approved by voters of the Master District and the Participant for the purpose of constructing or acquiring the Master District System Facilities and \$1,486,000,000 for the purpose of refunding such bonds. Any additional Contract Revenue Bonds issued by the Master District will be on parity with the Bonds.

After the issuance of the Bonds, \$1,472,100,000 principal amount of Contract Revenue System Bonds, and \$627,800,000 principal amount of Contract Revenue Road Bonds will remain authorized but unissued. The Contract Revenue Bonds are secured by the collection of the Contract Payments through the levy of the Contract Tax.

The Bonds are issued by the Master District pursuant to the Master District Contract, the Bond Resolution adopted by the Board and pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

Outstanding Bonds

The Master District has previously issued one series of Contract Revenue Bonds: \$13,900,000 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities), Series 2026. At the time of delivery of the Bonds, \$13,900,000 will remain outstanding (the “Outstanding Bonds”). Such Contract Revenue Bonds issued for the Master District System Facilities are payable from and secured by payments received by the Participants.

Source of Payment

The Bonds are payable solely from the Contract Payments the Participants make to the Master District for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Master District Contract. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on any Contract Revenue Bonds issued by the Master District, including the Bonds, based upon each Participant's Gross Certified Assessed Valuation as a percentage of the Gross Certified Assessed Valuation of all Participants in the Service Area. The debt service requirements shall be calculated to include the charges and expenses of paying agents and registrars utilized in connection with the Contract Revenue Bonds, the principal, interest, and redemption requirements of the Contract Revenue Bonds, and all amounts required to establish and maintain funds established under the Bond Resolution. Each Participant is obligated to pay its pro rata share of the Contract Payments, from the Contract Tax, revenues derived from the operation of its water distribution and wastewater collection systems or from any other legally available funds of such Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Contract Tax for the purpose of paying debt service on the Contract Revenue Bonds is the sole responsibility of each Participant. The Bonds are special obligations of the Master District and are not obligations of Texas; the County; the City; the Participants; or any entity other than the Master District.

The Master District Facilities to be financed by the Bonds are for the benefit of the Service Area. Therefore, only the Participants shall be required by the Master District Contract to make Contract Payments for payment of the debt service on the Bonds. The Service Area includes the Master District, WID 3A, and WID 3B; however, only WID 3A has approved, along with its voters, the Master District Contract and is receiving services from the Master District. As such, WID 3A is currently the only Participant for purposes of making Contract Payments to the Master District for the payment of the Bonds. If other municipal utility districts, including WID 3B, within the Service Area approve, along with their voters, the Master District Contract and begin receiving services from the Master District, they would then be required to pay their respective pro-rata shares of debt service payments on the Bonds through the payment of their respective Contract Payments.

Payment Record

The District has timely made all payments of principal and interest due on its bond indebtedness. See "THE BONDS – Source of Payment."

Contract Payments by the Participants

Principal of and interest on the Bonds are payable from and secured by each Participant's unconditional obligation to make Contract Payments. By execution of the Master District Contract, each Participant has agreed to make a Contract Payment in an amount equal to its pro rata share of the annual debt service on the Contract Revenue Bonds plus all the charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds established under the Bond Resolution based upon its Gross Certified Assessed Valuation as a percentage of the total Gross Certified Assessed Valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of the Contract Tax levied by such Participant on property within its boundaries for such purpose, revenues, if any derived from the operation of its water distribution and wastewater collection systems or from any other lawful source of funds. See "Source of Payment." No Participant is liable for the payments due by any other Participant. See "MASTER DISTRICT CONTRACT." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Master District on or before September 1 of the year prior to the year in which such Contract Payments become due, or as soon thereafter as practical. Such Contract Payments shall be due and payable from each Participant to the Paying Agent/Registrar semiannually by the dates specified by the Master District. The Master District has specified or will specify March 1 and September 1 of each year as the dates by which Contract Payments are due.

Currently, as the only Participant, WID 3A is responsible for paying 100% of the debt service on the Bonds through its Contract Payments to the Master District from the proceeds of its Contract Tax.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension, or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without

limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the appropriate Participant will receive credit for its over-payments. See "THE MASTER DISTRICT."

Funds

The Contract Revenue Road Debt Service Fund is established in the Bond Resolution, and the proceeds from the Contract Payments collected for and on account of the Bonds and any additional Contract Revenue Road Bonds shall be deposited into such fund. Eighteen (18) months of capitalized interest will be deposited into the Contract Revenue Road Debt Service Fund upon delivery of the Bonds. The proceeds from the Contract Payments collected for and on account of the Bonds and any additional Contract Revenue Road Bonds shall be deposited into the Contract Revenue Road Debt Service Fund. The Bond Resolution does not provide for reserve funds. The Master District's annual calculation of the debt service requirement to be paid by the Participants shall include the sum of next year's annual debt service requirements and, at the option of the Master District, an amount up to 50% of the following year's annual debt service requirements, which when paid by the Participants, will be deposited into the respective debt service fund.

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy."

Issuance of Additional Debt

Pursuant to the Master District Contract, the Master District is authorized to issue additional Contract Revenue Bonds for Master District Facilities. The Master District Contract also authorizes the Master District to refund any outstanding Contract Revenue Bonds to finance Master District Facilities.

After the issuance of the Bonds, \$1,472,100,000 principal amount of Contract Revenue System Bonds, and \$627,800,000 principal amount of Contract Revenue Road Bonds will remain authorized but unissued. The Contract Revenue Bonds are secured by the Contract Payments.

The Development Agreement (herein defined) between the Developer and the City contains provisions related to the issuance of bonds by the districts within the Service Area (currently only the District, WID 3A, and WID 3B), including an aggregate bond issue limit (excluding refunding bonds) of \$620,000,000.00 in principal amount for such districts. See "RISK FACTORS – Future Debt."

Each Participant may issue unlimited tax bonds for water, wastewater, drainage, and road facilities, with any required approval from the TCEQ, necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which the Master District or such Participant was created. TCEQ approval is not currently required for the Master District or any Participant to issue bonds for the purpose of constructing or acquiring road facilities. See "THE PARTICIPANTS" and "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT."

Annexation and Consolidation

The District lies within the extraterritorial jurisdiction of the City. Generally, under Texas law, the District may be annexed in whole, but not in part, by the City without the District's consent, in which case the City must assume the assets, functions and obligations of the District, including the Bonds. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. No

representation is made concerning the likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system), and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Strategic Partnership Agreement and Development Agreement

On May 6, 2024, Southstar at Mayfair and the City entered into a First Amended and Restated Development Agreement ("Development Agreement") setting forth certain parameters related to the development of Mayfair and any water districts, including the Participant and the Master District, serving Mayfair. In accordance with the Development Agreement, the Participant is bound by a Strategic Partnership Agreement ("SPA") with the City, effective as of April 22, 2024.

Under the Development Agreement and the SPA, the City has agreed not to annex the Participant for full purposes until (a) the City Council by ordinance has assumed, or will assume, all obligations, and performed, or will perform, all actions required by Sections 43.0715 and 43.075, Texas Local Government Code, or any other then applicable law, and (b) any one of the following has occurred: (1) the earlier of (i) the fifteenth anniversary of the confirmation election date of the Participant, and (ii) the thirtieth anniversary of the Effective Date of the Development Agreement; (2) at least 90% of the improvements within the Participant that are eligible for reimbursement in accordance with the rules of the TCEQ have been constructed, subject to certain limitations; or (3) the expiration of the Development Agreement.

The SPA establishes terms and provision for future limited purpose annexations and allows the imposition of certain sales and use tax within such limited purpose annexed areas. The SPA further provides for terms relating to shared sales and use tax revenue that may be remitted to the District and used by the District for authorized purposes.

The Development Agreement contains provisions related to the issuance of bonds by the District including, but not limited to: City consent prior to advertisement of bonds issued by the District; and an aggregate bond issue limit (excluding refunding bonds) of \$620,000,000.00 in principal amount.

Defeasance

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

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

notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

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

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

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

No Arbitrage

The District will certify, on the Date of Delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the Master District defaults in the payment of principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the applicable debt service fund, or defaults in the observance or performance of any of the other covenants, conditions, or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the Master District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the Participants, or requiring the Master District to enforce the Master District Contract by requiring the Participants, to levy adequate taxes to make such payments. Except for the remedy

of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a Master District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the Master District, such a judgment could not be enforced by direct levy and execution against the property within the Service Area. Further, the Registered Owners cannot themselves foreclose on the property within the Service Area or sell property within the Service Area in order to pay principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Participants. For example, a Chapter 9 bankruptcy proceeding by a Participant could delay or eliminate payment of principal or interest to the Registered Owners. See “RISK FACTORS –Registered Owners’ Remedies and Bankruptcy.”

Use of Certain Terms in Other Sections of Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections herein to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC.

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USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay: developer interest; eighteen month of capitalized interest; and other certain costs associated with the issuance of the Bonds.

Non-construction costs are based upon either contract amounts or various cost estimates by the Master District Engineer (herein defined) and the Financial Advisor. The actual amounts to be reimbursed by the Master District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Auditor (herein defined).

<u>CONSTRUCTION COSTS</u>	<u>District's Share</u>
A. District Items	
1. Mayfair Sector 1- Roadways – W, WW & D	\$
2. Mayfair – Guthrie Trail Phase 2– W, WW & D	
3. Mayfair Sector 1- Permanent Stormwater Facility	
4. Mayfair – Maytown Drive – W, WW & D	
5. Engineering	
6. Topographic Survey	
7. Mayfair water and wastewater Master Plan	
8. Mayfair Floodplain Study	
Total District Items	\$
TOTAL CONSTRUCTION COSTS	\$
<u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$
B. Fiscal Agent Fees	
C. Interest Costs	
1. Capitalized Interest (18 months)	
2. Developer Interest	
D. Bond Discount (3.00%)	
E. Engineering Expense	
F. Bond Issuance Expenses	
G. Attorney General Fees (0.10%)	
TOTAL NON-CONSTRUCTION COSTS	 \$
TOTAL SYSTEM BOND ISSUE REQUIREMENT	\$ 7,200,000

The Master District Engineer has advised the Master District that the proceeds of the sale of the Bonds should be sufficient to reimburse Pulte for the costs of the above described facilities. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses; however, the Master District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE PARTICIPANTS

Creation, Authority, and Description

All Participants operate as municipal utility districts pursuant to Chapter 49 and Chapter 54 of the Texas Water Code and are located within the Service Area. To serve the property within their boundaries, the Participants have the powers to construct, acquire, operate, maintain, and finance water, wastewater, drainage, and road facilities. The Participants were created by an Order Dividing into Three Districts, adopted by Comal County Water Improvement District No. 3 (the "Original District") on February 9, 2024, as authorized by House Bill 3941, 83rd Legislative Session, Regular Session 2013 Chapter 1122 (HB 3941), effective June 14, 2013, as codified in Chapter 8489 of the Texas Special District Local Laws Code.

Authorized Bonds and Debt Service Tax

The Participants have the statutory authority to issue unlimited tax bonds for the purpose of providing internal water distribution, wastewater collection, storm drainage, and road facilities to the land within their boundaries. Such bonds are secured by a direct continuing annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Contract Tax. See "THE PARTICIPANTS – Contract Taxes."

The Master District and each of the other Participants have voted bonds for purposes of providing internal water, wastewater, drainage, and road facilities within their respective boundaries, although it is not anticipated the Master District will act as a Participant by either developing internal facilities or levying its own ad valorem tax.

See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT" for a description of the voter authorized bonds, principal amount of bonds issued (if any) and principal amount of bonds outstanding for each Participant.

Operations

Each Participant has or will construct internal water, wastewater, and drainage facilities, and may also construct internal road facilities, within its respective boundaries.

Contract Taxes

The Master District has the authority to issue Contract Revenue Bonds, including the Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all the Participants' Gross Certified Assessed Valuation in the applicable Service Area, calculated annually. Calculation of Contract Payments, is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemptions granted by the Participant's however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual Contract Taxes without legal limit as to rate or amount, from revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. The Master District does not expect that revenues from the Participants' wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of the Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under a bond resolution.

WID 3A is currently the only Participant; therefore, WID 3 A will be responsible for paying 100% of the debt service payments on the Bonds through the Contract Payments made to the Master District from the proceeds of WID 3A's Contract Tax until such time as there are additional Participants within the Service Area, if ever.

Maintenance and Operations Tax

The Participants have the authority to levy and collect an annual ad valorem tax for the operation and maintenance of facilities. A maintenance and operations tax is in addition to taxes which the Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds and the Contract Tax. See "THE PARTICIPANTS – Contract Taxes."

Consolidation

The Master District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the Master District System Facilities) and liabilities (such as the Bonds), with the assets and liabilities of a district with which it is consolidating. Although no consolidation is presently contemplated by the Master District, no representation is made concerning the likelihood of consolidation in the future.

Management

Each Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such Participant. Directors of each Participant are elected by the voters within that Participant to serve four (4)-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants have any employees. Each Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each Participant, and, in addition, operation of each Participant's water, wastewater, and drainage facilities is subject to regulation by other agencies.

Financial Data

See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT" for financial information for each Participant.

THE MASTER DISTRICT

General

The District was created pursuant to an Order Dividing District Into Three Districts, adopted by Comal County Water Improvement District No. 3 Master District on February 9, 2024, as authorized by House Bill 3941, 83rd Legislative Session, Regular Session 2013 Chapter 1122 (HB 3941), effective June 14, 2013, as codified in Chapter 8489 of the Texas Special District Local Laws Code (the "Act"). The District operates pursuant to the Act; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Article III, Section 52 of the Texas Constitution. The District consists of approximately 15.251 acres.

Among other purposes, the District is authorized to purchase, construct, operate and maintain public water, wastewater, and drainage facilities, and roads.

Location

The District is generally bounded on the west by IH-35 and south by Kohlenberg Rd. Primary access to the District will be from the frontage along IH-35. A secondary access point will be from Kohlenberg Rd.

Investment Authority and Investment Practices of the District

The District has adopted an investment policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in obligations of the United States or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas CLASS, which are 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 portfolio.

Management of the Master District

- Board of Directors -

The District is governed by a board, consisting of five (5) directors, which has control over and management and supervision of all affairs of the District. All of the Directors own property within the District. Directors serve staggered four (4) year terms. Elections are held in even numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Matt Gandrud	President	2028
Erick Welborn	Vice President	2030
Ron Richardson	Secretary	2028
Cecil Eager	Assistant Secretary	2028
Craig Hardin	Assistant Secretary	2030

- Consultants -

Tax Assessor/Collector – Land and improvements in the District are being appraised by the Comal Central Appraisal District (the “Appraisal District”). The District’s Tax Assessor/Collector is Utility Tax Service, LLC (the “Tax Assessor/Collector”). The Tax Assessor/Collector applies the District’s tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

Bookkeeper – The District contracts with L&S District Services, LLC as bookkeeper for the District.

Engineer – The District’s consulting engineer is Pape-Dawson Engineers, LLC, New Braunfels, Texas (the “Engineer”).

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. A copy of the District’s audit prepared by McCall Gibson Swedlund Barfoot Ellis, PLLC for the fiscal year ending June 30, 2025, is included as “APPENDIX A” and “APPENDIX B.”

Financial Advisor – Cedar Creek Municipal Advisors, LLC serves as the District’s financial advisor (“the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information herein.

Bond & General Counsel – The District has engaged The Muller Law Group, PLLC as bond counsel (“Bond Counsel”) in connection with the issuance of the District’s Bonds. The fees of Bond Counsel are based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is earned upon the sale and delivery of the Bonds. The Muller Law Group, PLLC also serves as the District’s general counsel.

Disclosure Counsel – McCall, Parkhurst & Horton L.L.P., Austin, Texas, has been designated as disclosure counsel (“Disclosure Counsel”). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

MASTER DISTRICT FACILITIES

The Master District Contract

The District is part of the Master District System in which the Master District provides, finances, constructs, owns, operates, and/or maintains certain Master District Facilities to serve the Participants. Each Participant will finance and construct their respective internal water and sewer facilities which are conveyed to the City and road facilities which are conveyed to the County.

The Master District’s Service Area is approximately 1,883 acres of land generally located west of FM 1101, east of FM 1102, and north of Kohlenberg Rd. The Service Area is comprised of the Master District, WID 3A, and WID 3B. WID 3B is not actively developing and has not entered into the Master District Contract, and, therefore, is not considered a Participant at this time. WID 3B may enter into a Master District Contract in the future.

Currently, only WID 3A has entered into the Master District Contract with the Master District, which contract was approved by the voters of both districts, as required by law, at their respective elections held on May 4, 2024. WID 3A is currently the only Participant in the Master District System. The District is also the only municipal utility district within the Service Area to be actively developing. If and when development commences in WID 3B, such district will be requested to submit the Master District Contract to its voters for approval in order to receive the services and benefits that come with being part of the Master District System.

Among other things, the Master District Contract provides that the Master District will issue Contract Revenue Bonds from time to time to finance Master District Facilities that serve the Participants. Such bonds will be payable solely from the Contract Payments collected by the Master District from the Participants for such purposes. The Participants are required to levy and collect a contract tax, without legal limit as to rate or amount, on all taxable property within their respective boundaries sufficient to pay their respective pro rata shares of the debt service payments on the Contract Revenue Bonds, including, if applicable, any charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Contract Revenue Bond documents entered into by the Master District. Each Participant's Contract Payments will be calculated annually by the Master District; however, the levy of a contract tax or the provisions of other lawfully available funds to make its contract payments is the sole responsibility of each Participant.

A Participant's pro rata share of the debt service payments on Contract Revenue Bonds is calculated as the total assessed value of taxable property located in such district divided by the total assessed value of taxable property located within the boundaries of all Participants. At this time, as the only Participant, WID 3A's share of debt service payments on any Contract Revenue Bonds is 100%. There is no limit in the Master District Contract on the total principal amount of Contract Revenue Bonds that may be issued by the Master District.

Each Participant is obligated to pay monthly charges to the Master District for its share of the Master District's operation and maintenance expenses in connection with the Master District's provision of service from the Master District Facilities. The monthly charges paid by each Participant to the Master District is used to pay each Participant's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections ("ESFCs") reserved to each Participant on the first day of the previous month by the unit cost per ESFC. The monthly cost per ESFC being charged by the Master District to each Participant presently is \$31.91 for water and wastewater services and \$28.50 for firefighting services for fiscal year 2026. See "MASTER DISTRICT FACILITIES." Residents in the Service Area also pay a renewal and replacement fee of \$0.40 per 1,000 gallons of water used and a surface water fee of \$3.20 per 1,000 gallons of water used to the City.

Description of the System

Utility Agreement with the City of New Braunfels

Water supply and wastewater collection and treatment is provided to the Service Area by New Braunfels Utilities ("NBU"), which is the exclusive manager of the water and wastewater system owned by the City. As of December 14, 2023, the City, NBU, the Developer, and Beaverhead NB, LLC, entered into an Amended and Restated Utility Construction Cost Sharing Agreement ("Utility Agreement") related to water and wastewater service to up to 5,800 Living Unit Equivalent ("LUEs") land within the Service Area. The District has accepted the terms of the Utility Agreement, as required by such agreement.

The Utility Agreement obligates the Developer, on behalf of the Master District and the Participants, to construct and convey to NBU certain water and sanitary sewer infrastructure necessary to connect the Service Area and its customers to NBU's regional facilities by certain dates described in the Utility Agreement. In exchange for the timely construction of such facilities and payment of impact and development fees to NBU, NBU will timely construct certain regional improvements and provide retail water and wastewater service to users within the Service Area.

The Utility Agreement provides that service from NBU's McKenzie Regional Wastewater Plant is not currently available to the Service Area, and accordingly, Southstar at Mayfair is required to construct interim wastewater

treatment plant facilities (“Interim WWTP”) to provide wastewater treatment services to the Service Area until the McKenzie Regional Wastewater Plant expansion and other regional improvements are complete and flows can be diverted to such plant. The Interim WWTP is complete and operational at this time.

Water and Wastewater System

According to the Master District’s Engineer, Pape-Dawson Consulting Engineers, LLC (the “District’s Engineer”), the Master District’s water and wastewater system has 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, NBU, and the County. According to the District’s Engineer, the design of all such facilities has been approved by all required governmental agencies.

Operation of the water supply and wastewater treatment facilities serving the Service Area, other than the Interim WWTP, is provided by NBU, and is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water supply for NBU is obtained from GBRA GCSWP, GVSUD, the City of Seguin, Trinity Aquifer, Run-of-River, GBRA Canyon Reservoir, and the Edwards Aquifer. Water from these sources is delivered to NBU and then distributed to retail customers within the Service Area.

Wastewater treatment is currently being provided by the Interim WWTP. Ultimate wastewater treatment service will be provided by NBU’s McKenzie Regional Wastewater Plant upon completion of its projected expansion and regional improvements necessary to divert flows to such plant. The Interim WWTP has capacity to provide wastewater treatment for up to 0.30 MGD average daily flow, or up to 1,500 LUE based on 230 gpd average daily flow.

Drainage System and the 100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a 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. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded.

According to the District’s Engineer, the District’s drainage system has been designed and constructed to all current standards. None of the developable acreage within the District is located within the 100-year flood plain. Additionally, the District’s storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location. See “RISK FACTORS – Atlas 14.”

Road System

Construction of the regional road facilities acquired or constructed to serve the Service Area (the “Road System”) is subject to regulations by the City and the County. The roads in the Service Area are constructed with hot mix asphalt concrete with curb and gutter on stabilized subgrade. In accordance with the City’s Major Thoroughfare Plan, minor arterial and collector roads will continue to be constructed and remaining streets will provide local interior service within the Service Area. The Road System also includes, or will include, streetlights and franchise utilities (power, phone and cable). Public utilities such as water, wastewater and storm drainage are typically located within street rights-of-way. The Road System is maintained by the County and consists, or will consist upon completion, of regional and internal roadways adequate for serving the commercial property and single-family homes within the Service Area. The roads within the Service Area vary in width in accordance with standards adopted by the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the Service Area.

As described under “USE AND DISTRIBUTION OF BOND PROCEEDS,” a portion of the proceeds of the Bonds will be used to reimburse the Developer for the costs associated with certain road improvements within the Service Area.

Regulation

The regional water, sanitary sewer and drainage facilities and systems, the purchase, acquisition and construction of which will be financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to the Engineer, the design of the regional water, sanitary water and drainage facilities and systems have been approved by all governmental agencies that have jurisdiction over the District.

THE DEVELOPER AND PRINCIPAL LANDOWNERS WITHIN THE SERVICE AREA

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the Service Area, designing the subdivision, designing the utilities and streets to be constructed in the subdivisions, 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 (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developers will be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a Service Area. A developer is generally under no obligation to a district to develop the property which it owns in the Service Area. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily the major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer and Principal Landowners

Southstar at Mayfair Developer, LLC, a Texas limited liability company ("Southstar at Mayfair" or the "Developer"), is the primary developer of land within the Service Area. Southstar at Mayfair is a thinly capitalized limited partnership whose assets consist of the land in the District and within the Mayfair development and the receivables due from the District for development costs. Southstar at Mayfair is a single purpose entity formed for the purpose of developing the land it owns in the District and within the Mayfair development. Southstar at Mayfair has entered into a management agreement with Southstar Communities Operations LLC, a Delaware limited liability company ("Southstar"), for the purpose of managing the day-to-day development activities within the District. Southstar and the Southstar at Mayfair are under common ownership and control.

Southstar at Mayfair has sold certain sections within WID 3A to other development entities as described herein to develop the internal water, wastewater, and drainage facilities within those sections. Such development entities may be referred to herein as "POD Developers." Southstar at Mayfair has retained all reimbursement rights for the Master District Facilities and the internal facilities of the Service Area.

Approximately 37.315 acres within WID 3A have been developed as Parcel E-9N by Ranch Road Mayfair, LLC, a Texas limited liability company ("Ranch Road Mayfair"). All horizontal infrastructure to serve Parcel E-9N is now complete.

Felder CND Mayfair LLC, a Texas limited liability company ("Felder CND") developed approximately 34.46 acres within WID 3A as Parcel E-6 comprised of 194 completed lots. All horizontal infrastructure to serve Parcel E-6 is now complete and Felder Homes and David Weekley Homes are constructing the homes within Parcel E-6.

Development Financing

Southstar at Mayfair has obtained financing for a portion of the development of the Service Area through the Public Finance Authority, a body politic and corporate created and existing under the laws of the State of Wisconsin (the "PFA"). The PFA issued \$42,800,000 Tax-Exempt Revenue Anticipation Bonds (Mayfair Project), Series 2024A-4 (the "PFA Bonds"), which are secured in part by the sale and assignment of Southstar at Mayfair's right to receive the proceeds from the sale of future bonds, including the Bonds, issued by the District pursuant to the Amended and Restated Master Development Financing Agreement between the District and Southstar at Mayfair effective as of May 10, 2024. According to Southstar at Mayfair, it is currently in

compliance with all material representations and certifications made with respect to the PFA Bonds and has made the necessary certifications made with respect to the PFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under the Texas Law.

According to Southstar at Mayfair, the company maintains a corporate line of credit with Frost Bank (the "LOC"), which provides a revolving credit facility to support its development activities. The LOC is partially secured by all land owned by Mayfair subsidiaries, including any unsold land within WID 3A. The principal balance of the LOC is reduced over time using proceeds generated from the sale of lots within the District. According to Southstar at Mayfair, the company is in compliance with all material terms and conditions of the LOC.

Lot Sales Contracts

Southstar at Mayfair has entered into lot sales contracts with each of Highland Homes, David Weekley Homes, Toll Brothers Homes, and Coventry Homes. The contracts for the sale of lots between Southstar at Mayfair and the builders require that earnest money be deposited with a title company, typically 5-10% of the total price of the completed lots. The sales contracts establish certain required lot purchases periodically upon substantial completion, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. Southstar at Mayfair's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, currently, approximately \$430,200.00.

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DEVELOPMENT WITHIN THE SERVICE AREA

General

{UPDATE} To date, development within the Service Area has only occurred within the boundaries of WID 3A. Within WID 3A, approximately 196.63 acres (966 lots) have been developed into the single-family residential subdivision of Parcel E-6, Parcel E-8, Unit 1 & 2, Parcel E-9N, Parcel E-9S, and Parcel E-12. As of July 10, 2026, 271 homes were complete (206 occupied, 52 unoccupied, and 13 models), 259 homes were under construction, and 436 lots were developed and vacant. The remaining land within WID 3A consists of approximately 85.96 acres under development, approximately 186.26 remaining developable acres, and approximately 19 undevelopable acres. The remaining land within the Service Area consists of approximately 1,394.85 undeveloped acres.

Status of Development within the Service Area

The table below summarizes the development within WID 3A as of July 10, 2026 by section:

	Section Acres	Section Lots	Homes Complete	Homes Under Construction	Vacant Lots
Parcel E-8, Unit 1	55.88	191	163	14	14
Parcel E-6	34.46	194	46	34	114
Parcel E-8, Unit 2	24.17	100	9	25	66
Parcel E-12	25.07	82	0	3	79
Parcel E-9N	37.32	182	2	17	163
Parcel E-9S	19.74	217	51	166	0
Total	196.63	966	271	259	436
Under Development	85.96				
Undevelopable	19.30				
Remaining Developable	186.26				
WID 3A Total	488.15				

Homebuilders within the Service Area

Homebuilders active within the Service Area include: Empire Homes, Perry Homes; Highland Homes; Coventry Homes; Toll Brothers; David Weekley Homes; Scott Felder Homes; and DR Horton Homes. The homes being marketed in the District range in price from approximately \$292,000 to over \$810,000.

MAYFAIR

General

The District is one of three municipal utility districts within the approximately 1,883 acres being marketed as the master-planned community of Mayfair (the "Service Area"). To date, approximately 196.63 acres (966 lots) have been developed as Mayfair Parcels E-8 Unit 1-2, Parcel E-6, Parcel E-9N, Parcel E-9S, and Parcel E-12. Approximately 85.96 acres (358 lots) are currently being developed within the Service Area, all within WID 3A. Development within WID 3B has not yet commenced.

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**PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(WID 3A — May 2026)**



MASTER DISTRICT FINANCIAL DATA

Contract Revenue Bonds of the Master District

2025 Gross Assessed Valuation of the Participants..... \$ 86,272,434 (a)
(100% of the taxable value as of January 1, 2025)

Preliminary 2026 Gross Assessed Valuation of the Participants..... \$ 236,015,705 (b)
(100% of the preliminary taxable value as of January 1, 2026)

Estimated Gross Assessed Valuation of the Participants as of April 1, 2026 \$251,564,798(c)
(100% of the estimated taxable value as of April 1, 2026)

Direct Debt:

The Bonds \$ 7,200,000

Total..... \$ 21,100,000

Estimated Overlapping Debt..... \$ 9,398,703 (d)

Total Direct and Estimated Overlapping Debt \$ 30,498,703

Direct Debt Ratios:

Based on the 2025 Gross Assessed Valuation of the Participants 24.46 %

Based on the Preliminary 2026 Gross Assessed Valuation of the Participants 8.94 %

Based on the Estimated Gross Assessed Valuation of the
Participants as of April 1, 2026..... 8.39 %

Direct and Estimated Overlapping Debt Ratios:

Based on the 2025 Gross Assessed Valuation of the Participants 35.35 %

Based on the Preliminary 2026 Gross Assessed Valuation of the Participants 12.92 %

Based on the Estimated Gross Assessed Valuation of the
Participants as of April 1, 2026..... 12.12 %

Master District Debt Service Funds Available as of the Issuance of the Bonds

Contract Revenue System Debt Service Fund Balance (as of July 10, 2026) \$ 1,094,625 (e)(h)

Contract Revenue Road Debt Service Fund Balance (as of Date of Delivery) \$ 684,000 (f)(h)

Operating Fund Balance (as of July 10, 2026)..... \$ 12,811 (g)

(a) Represents the gross assessed valuation of all taxable property located within the Participant as of January 1, 2025, as provided by the Comal Appraisal District ("the Appraisal District"). The Participant's tax roll is certified by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District as the preliminary gross value as of January 1, 2026. This value represents the preliminary determination of the taxable value in the District as of January 1, 2026, provided by the Appraisal District. No taxes will be levied on this value, which is subject to review and downward adjustment. See "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within all Participants as of April 1, 2026, and includes the gross estimate of values resulting from the construction of taxable improvements from January 1, 2025, through April 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(d) See "MASTER DISTRICT FINANCIAL DATA" – Estimated Direct and Overlapping Debt Statement."

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Contract Revenue System Debt Service Fund (herein defined). The funds in the Contract Revenue System Debt Service Fund are pledged only to pay debt service on the Bonds or any additional Contract Revenue System Bonds (defined herein) the District may hereafter issue.

(f) Represents eighteen (18) months of capitalized interest to be deposited on the Date of Delivery. Neither Texas law nor the Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue Road Debt Service Fund. Money deposited into the Contract Revenue Road Debt Service Fund can only be used to pay debt service on the Bonds (defined herein), such as the Bonds.

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

(h) Each Participant is obligated to pay its pro rata share of debt service on the Contract Revenue Bonds issued for the purposes of acquiring or constructing the Master District Facilities (defined herein) by the dates specified by the Master District. See "THE BONDS – Contract Payments by the Participants".

Tax Rates of the Participants

Participant	2025 Road Debt Service Tax Rate	2025 Utility Debt Service Tax Rate	2025 Maintenance Tax Rate	2025 Contract Tax Rate	Total 2025 Tax Rate
WID 3A	\$ 0.000	\$ 0.000	\$ 0.950	\$ 0.00	\$ 0.950

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of May 31, 2026	Estimated Overlapping	
		Percent	Amount
Comal County	\$ 86,510,000	0.21%	\$ 183,750
Comal Independent School District	1,375,405,214	0.30%	\$ 4,214,953
WID 3A	5,000,000	100.00%	<u>\$ 5,000,000</u>
Total Estimated Overlapping Debt			\$ 9,398,703
The District			<u>\$ 21,100,000</u> (a)
Direct & Estimated Overlapping Debt			<u>\$ 30,498,703</u> (a)

(a) The Outstanding Bonds and the Bonds.

Debt Ratios

	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2025 Gross Assessed Valuation of the Participants (\$86,272,434)	24.46%	35.35%
Preliminary 2026 Gross Assessed Valuation of the Participants (\$236,015,705)	8.94%	12.92%
Estimated Gross Assessed Valuation of the Participants as of April 1, 2026 (\$251,564,798)	8.39%	12.12%

(a) Includes the Outstanding Bonds and the Bonds.

TAX DATA

Contract Tax

The Master District has the authority to issue Contract Revenue Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all Participants' Gross Certified Assessed Valuation, calculated annually. Calculation of the Contract Payments is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemption granted by the Participants; however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual unlimited Contract Taxes, from

revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amount necessary to establish and maintain funds established under the applicable bond resolution.

WID 3A is currently the only Participant; therefore, WID 3A will be responsible for paying 100% of the debt service payments on the Bonds through the Contract Payments made to the Master District from the proceeds of WID 3A's Contract Tax, until such time as there are additional Participants within the Service Area, if ever.

Debt Service Tax

Each Participant has the statutory authority to issue its unlimited tax bonds for the purpose of providing facilities to serve the land within its boundaries. Such bonds will be paid by a direct continuing annual ad valorem tax, without legal limit as to rate or amount, adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to Contract Taxes. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT" for information related to each Participant's historical tax data and authorized but unissued unlimited tax bonds. The Master District is not currently and is not anticipated to be a Participant and is not anticipated to levy a debt service tax.

Maintenance and Operations Tax

The Board of Directors of each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing, and operating all necessary land, plants, works facilities, improvements, appliances, and equipment, if such maintenance and operations tax is authorized by a vote of the Participant's electors. Such tax would be in addition to Contract Taxes and taxes levied for paying principal of and interest on any unlimited tax bonds which may be issued by the Participants. For the 2025 tax year, the Master District did not levy a maintenance and operations tax rate. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANT" for the amount of voter authorized maintenance and operations tax for each Participant.

Tax Rate Limitation of Participants

Maintenance and Operations:	\$1.20 per \$100 of assessed valuation.
Contract Taxes:	Unlimited (no legal limit as to rate or amount) (a).

- (a) The Master District does not levy a Contract Tax; however, the Participants are required to levy and collect an unlimited Contract Tax to make required Contract Payments to the Master District.

Analysis of Tax Base

The following represents the type of property comprising the 2024-2025 tax rolls of each Participant as certified by the Appraisal District.

Type of Property	WID 3A 2025 Gross Certified Assessed Valuation	WID 3A 2024 Gross Certified Assessed Valuation
Land	\$ 57,571,557	\$ 47,095,168
Improvements	41,792,412	414,340
Personal Property	1,087,950	-
Exemptions	(14,179,485)	(2,624,253)
Total	\$ 86,272,434	\$ 44,885,255

Principal Taxpayers

The following are the principal taxpayers within the Service Area as shown on each Participant's certified appraisal rolls for the 2025 tax year.

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	Percent of 2025 Tax Roll
Southstar At Mayfair Developer LLC (a)	Land & Improvements	\$ 20,015,743	23.20%
Felder CND Mayfair LLC (a)	Land & Improvements	6,337,490	7.35%
Toll Southwest LLC (b)	Land & Improvements	3,634,438	4.21%
Village At Mayfair LLC ©	Land & Improvements	2,732,250	3.17%
Scott Felder Homes LLC (b)	Land & Improvements	2,099,140	2.43%
404 West Alpine LLC	Land & Improvements	1,745,980	2.02%
660 DFH 11 LLC	Land & Improvements	1,221,040	1.42%
Novak Mayfair LLC	Land & Improvements	1,212,900	1.41%
Perry Homes LLC (b)	Land & Improvements	1,179,975	1.37%
Weekley Homes LLC (b)	Land & Improvements	1,072,440	1.24%
Total		\$ 41,251,396	47.82%

(a) See "THE DEVELOPERS AND PRINCIPAL LANDOWNERS WITHIN THE SERVICE AREA."

(b) See "DEVELOPMENT WITHIN THE SERVICE AREA – Homebuilders within the Service Area."

(c) See "RISK FACTORS – Rental Homes."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements on the Bonds if no growth occurs beyond the 2025 Gross Certified Assessed Valuation of the Participant (\$86,272,434), Preliminary 2026 Gross Assessed Valuation of the Participants (\$236,015,705) and the Estimated Gross Assessed Valuation of the Participant as of April 1, 2026 (\$251,564,798). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the Master District.

Average Annual Debt Service Requirement (2026-2050)	\$ 1,465,869
Contract Tax Rate of \$1.79 on the 2025 Gross Certified Assessed Valuation of the Participant Produces	\$ 1,467,063
Contract Tax Rate of \$0.66 on the Preliminary 2026 Gross Assessed Valuation of the Participant Produces	\$ 1,479,818
Contract Tax Rate of \$0.62 on the Estimated Gross Assessed Valuation of the Participant as of April 1, 2026, Produces.....	\$ 1,481,717
Maximum Annual Debt Service Requirement (2049)	\$ 1,512,197
Contract Tax Rate of \$1.85 on the 2025 Gross Certified Assessed Valuation of the Participant Produces	\$ 1,516,238
Contract Tax Rate of \$0.68 on the Preliminary 2026 Gross Assessed Valuation of the Participant Produces	\$ 1,524,661
Contract Tax Rate of \$0.64 on the Estimated Gross Assessed Valuation of the Participant as of April 1, 2026, Produces.....	\$ 1,529,514

Estimated Overlapping Taxes

Property within the Service Area is subject to taxation by several taxing authorities in addition to the Participants. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of a Participant is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of a Participant and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes and the Participants are authorized to levy Contract Taxes. See "MASTER DISTRICT FINANCIAL DATA – Estimated Overlapping Debt Statements."

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions, or any other charges made by entities other than political subdivisions. The following chart includes the 2025 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdiction	2025 Tax Rate
WID 3A	\$ 0.950000
Comal County	0.269000
Comal County Lateral Road	0.036015
Comal Independent School District	1.074800
Comal County ESD No. 7	<u>0.048428</u>
Total	\$ 2.378243

TAXING PROCEDURES

Authority to Levy Taxes

Each Participant is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in sufficient amount to pay the principal of and interest on any unlimited tax bonds issued by it, Contract Tax to pay debt service on Contract Revenue Bonds, including the Bonds, that the Master District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. Voters within each Participant have also authorized the levy of a maintenance and operations tax not to exceed \$1.20 per \$100 valuation for the operation and maintenance of water, wastewater, and drainage facilities and road facilities serving the Participants.

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within the County. Such appraisal values will be subject to review and change by the Comal County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the Participants in establishing their tax rolls and tax rate. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Property Subject to Taxation by the Participants

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 each Participant are subject to taxation by that Participant. Principal categories of exempt property include, but are not limited to: property owned by 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, each Participant may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The Participants may be required to offer such exemptions if a majority of voters approve same at an election. The Participants would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election.

The Participants are authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by the Participant. Furthermore, the Participants must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. 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 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. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence 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.

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 appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence 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 Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. To date, none of the Participants have adopted a homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the Participants do not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) 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 Participants may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and

in the manner prescribed by applicable law. The Participants have taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the Service Area as a reinvestment zone. Thereafter, the County and the Participants, 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 Participants, 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. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, the County has not designated any part of the area within the Service Area as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the Service Area must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the Participants in establishing their tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one (1) political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the Participants can collect taxes based on the new use, including taxes for the previous three (3) years, for open space land and timberland.

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

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

15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 (“SB 2”), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5,000,000 (the “Maximum Property Value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the “Appraisal Cap”). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023; however, the provisions described hereinabove took effect on January 1, 2024.

Participant and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The Participants are responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within that Participant, based upon: a) the valuation of property within that Participant as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the Participant and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the Participant and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the Participant, may be rejected by taxing units. The Participant’s tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of taxes, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency,

are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the Participants, if the taxpayer pays at least $\frac{1}{4}$ th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

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

Rollback of Maintenance and Operations Tax Rate

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

Low Tax Rate Districts

Low Tax Rate Districts 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 Low Tax Rate District is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations 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 maintenance and operations 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 or the President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the maintenance and operations tax threshold applicable to Low Tax Rate Districts.

Developing Districts

Districts that do not meet the classification of a Low Tax Rate District 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 maintenance and operations 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 maintenance and operations tax rate.

The District

The Master District has not levied a tax and is not anticipating levying a tax, so it has not yet made a determination of its status as a Low Tax Rate District, Developed District or Developing District. The Participants cannot give any assurances as to what its classification will be at any point in time or whether the

Participants' future tax rates will result in a total tax rate that will reclassify the Participants into a new classification and new election calculation.

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by the Participants are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of Texas and each taxing unit, including the Participants, having the power to tax the property. The Participants' tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 Participants is determined by 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 Participants 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 Participants must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the Master District under the Constitution and laws of Texas payable from the proceeds of the Contract Payments from the Participants and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect and to the effect that (i) interest on the Bonds is excludable from gross income for federal tax purposes under existing law and (ii) interest on the Bonds will not be subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing herein under "THE BONDS (except for information under the subheadings "Book Entry Only Systems," and "Payment Record," "THE PARTICIPANTS," "THE MASTER DISTRICT – General," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE (except for the information under the subheading "Compliance with Prior Undertakings"), solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained herein nor has it conducted an investigation of the affairs of the District or the Developers for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure, and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations, and exclusions that are a part of the conclusions therein. See *"Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions"*, 63 Bus. Law. 1277 (2008) and *"Legal Opinion Principles"*, 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual, and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

Not Qualified Tax-Exempt Obligations

The Bonds will NOT be designated "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE

In the Bond Resolution, the Master District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Master 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 Master District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The Master District will provide certain updated financial information and operating data to the MSRB annually.

In addition, the District has agreed to provide information with respect to Southstar at Mayfair and any affiliated entities, any person or entity to whom Southstar at Mayfair voluntarily assigns (except as collateral)

the right to receive payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning Southstar at Mayfair and any other such person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the Participant by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such persons have made tax or other payments to the Participant which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such persons are obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding.

The information to be updated with respect to the Master District includes all quantitative financial information and operating data of the general type included under "MASTER DISTRICT FINANCIAL DATA" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," "APPENDIX A – Certain Financial Information Regarding the Participants," and "APPENDIX B – Financial Statements of the Participant and with respect to Southstar at Mayfair, the information included under "TAX DATA – Principal Taxpayers." The Master District will update and provide this information within six (6) months after the end of each of its fiscal years ending in or after 2026. The Master District will provide the updated information to EMMA.

The Master District will provide the updated information to the MSRB through its EMMA system. The Master District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements if an audit is commissioned and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the Master District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six (6) month period, and audited financial statements when and if 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 Resolution, or such other accounting principles as the Master District and the Participants may be required to employ from time to time pursuant to state law or regulation.

The Master District's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the Master District changes its fiscal year. If the Master District changes its fiscal year, it will notify EMMA of the change.

Material 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 (10) 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-exempt status of the Bonds, or other material events affecting the tax-exempt 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 or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" does not include municipal

securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, 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 information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.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.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the 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 Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Bonds represent the District’s first series of bond indebtedness, as such, the District has not previously entered into a continuing disclosure agreement.

OFFICIAL STATEMENT

General

The information contained herein has been obtained primarily from the Master District’s records, the Master District Engineer, the Developer, the Tax Assessor/Collector, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 for further information.

The Master District’s financial statements for the fiscal year ended June 30, 2025, were audited by the Auditor and are attached hereto as “APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANT AND MASTER DISTRICT.” The Auditor has consented to the publication of such financial statements herein.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor:

The Engineer: The information contained herein relating to engineering matters and to the description of the System and the Road System and, in particular, that information included in the sections entitled "DEVELOPMENT WITHIN THE SERVICE AREA," MAYFAIR," and "MASTER DISTRICT FACILITIES" has been provided by Pape-Dawson Engineers, LLC and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor/Collector and Appraisal District: The information contained herein relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular, such information contained in the section captioned "TAX DATA," has been provided by Comal County and the Comal Appraisal District in reliance upon their authority as experts in appraising and tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained herein are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Comal County Water Improvement District No. 3 Master District as of the date shown on the cover.

/s/ _____
President, Board of Directors
Comal County Water Improvement District No. 3 Master District

ATTEST:

/s/ _____
Secretary, Board of Directors
Comal County Water Improvement District No. 3 Master District

APPENDIX A

CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 3A

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds	\$	152,500,000
Voter Authorized Unlimited Tax Road Bonds	\$	81,000,000
Total Principal Amount of Unlimited Tax Bonds Issued	\$	5,000,000
Debt Service Tax Limitation (per \$100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation)		\$ 1.200
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt	\$	5,000,000
2025 Gross Certified Assessed Valuation	\$	86,272,434
Preliminary 2026 Gross Assessed Valuation of the Participants	\$	236,015,705
Estimated Gross Assessed Valuation as of April 1, 2026	\$	251,564,798
2025 Gross Certified Assessed Valuation as a Percentage of the:		
2025 Gross Certified Assessed Valuation of the Participants		100 %
Preliminary 2026 Gross Assessed Valuation of the Participants		100 %
Estimated Gross Assessed Valuation of the Participants as of April 1, 2026		100 %
Estimated Average Annual Debt Service Requirement on the		
Bonds (\$1,465,869) (2026-2050):		
Pro Rata Share Based on the 2025 Gross Certified Assessed Valuation	\$	1,465,869
Pro Rata Share Based on the Preliminary 2026		
Gross Certified Assessed Valuation	\$	1,465,869
Pro Rata Share Based on the Estimated Gross Valuation as of April 1, 2026	\$	1,465,869
Estimated Maximum Annual Debt Service Requirement on the		
Bonds (\$1,512,197) (2050):		
Pro Rata Share Based on the 2025 Gross Certified Assessed Valuation	\$	1,512,197
Pro Rata Share Based on the Preliminary 2026		
Gross Certified Assessed Valuation	\$	1,512,197
Pro Rata Share Based on the Estimated Gross Valuation as of April 1, 2026	\$	1,512,197
Tax Rate Required to Pay Pro Rata Share of the		
 Bonds Based Upon the 2025 Certified Gross Assessed Valuation		
 at 95% Collections:		
Estimated Average Annual Debt Service Requirement	\$	1.79
Estimated Maximum Annual Debt Service Requirement	\$	1.85
Tax Rate Required to Pay Pro Rata Share of the		
 Bonds Based Upon the Preliminary 2026 Certified Gross Assessed Valuation		
 at 95% Collections:		
Estimated Average Annual Debt Service Requirement	\$	0.66
Estimated Maximum Annual Debt Service Requirement	\$	0.68
Tax Rate Required to Pay Pro Rata Share of the		
 Bonds Based Upon the Estimated Gross Assessed Valuation as of		
 April 1, 2026, at 95% Collections:		
Estimated Average Annual Debt Service Requirement	\$	0.62
Estimated Maximum Annual Debt Service Requirement	\$	0.64

Status of Single-Family Development as of July 10, 2026:

Approximate Total Developed Acreage	197
Single-Family Homes	206 (a)
Total Developed Lots	966

(a) Occupied homes only.

Principal Taxpayers

The following table illustrates the principal taxpayers, type of property, and their assessed values as of January 1, 2025:

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	Percent of 2025 Tax Roll
Southstar At Mayfair Developer LLC (a)	Land & Improvements	\$ 20,015,743	23.20%
Felder CND Mayfair LLC (a)	Land & Improvements	6,337,490	7.35%
Toll Southwest LLC (b)	Land & Improvements	3,634,438	4.21%
Village At Mayfair LLC ©	Land & Improvements	2,732,250	3.17%
Scott Felder Homes LLC (b)	Land & Improvements	2,099,140	2.43%
404 West Alpine LLC	Land & Improvements	1,745,980	2.02%
660 DFH 11 LLC	Land & Improvements	1,221,040	1.42%
Novak Mayfair LLC	Land & Improvements	1,212,900	1.41%
Perry Homes LLC (b)	Land & Improvements	1,179,975	1.37%
Weekley Homes LLC (b)	Land & Improvements	1,072,440	1.24%
Total		\$ 41,251,396	47.82%

(a) See "THE DEVELOPER AND PRINCIPAL LANDOWNERS."

(b) See "DEVELOPMENT WITHIN THE DISTRICT – Homebuilders within the District."

(c) See "Risk FACTORS – Rental Homes."

Historical Tax Collections

The following represents the historical tax collections for WID 3A's 2024-2025 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Percent Collections Current Year	Tax Year Ending 09/30	Percent Collections as of 5/15/2026
2024	\$ 48,885,255	\$ 0.95	\$ 426,410	99.72%	2025	98.68%
2025	86,272,434	0.95	819,588	89.30%	2026	89.30%

(a) Total tax rate per \$100 of assessed valuation for each respective tax year.

Tax Rate Distribution

The following table illustrates the components of the tax rate for the District's 2024–2025 tax years:

	2025	2024
System Debt Service	\$0.000	\$0.000
Road Debt Service	0.000	0.000
Contract Tax	0.000	0.000
Maintenance and Operations	0.950	0.950
Total	<u>\$0.950</u>	<u>\$0.950</u>

APPENDIX B

FINANCIAL STATEMENTS OF THE PARTICIPANT AND THE MASTER DISTRICT

- **2025 Audit for Comal County Water Improvement District No. 3A (Participant)**
- **2025 Audit for Comal County Water Improvement District No. 3 Master District**