OFFICIAL STATEMENT DATED OCTOBER 8, 2026

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations" herein.

NEW ISSUE—BOOK-ENTRY ONLY
CUSIP No. 841493

RATINGS: Moody's Investors Services, Inc. Underlying "Baa1"
BAM Insured "AA" (stable outlook) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

$28,925,000
SOUTHEAST REGIONAL MANAGEMENT DISTRICT

(A political subdivision of the State of Texas, located in Harris, Montgomery, Waller and Liberty Counties, Texas)

UNLIMITED TAX ROAD BONDS
SERIES 2026A

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

Interest on the Southeast Regional Management District $28,925,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds" or the "Series 2026A Bonds") will accrue from November 1, 2026, and will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. See "THE BONDS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM").

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Principal	Maturity	Interest Rate	Yield (a)	Principal	Maturity	Interest Rate	Yield (a)
$580,000	2030	5.000%	4.270%	$865,000	2038 (b)	5.000%	5.200%
$610,000	2031	5.000%	4.400%	$910,000	2039 (b)	5.000%	5.300%
$640,000	2032 (b)	5.000%	4.530%	$960,000	2040 (b)	5.125%	5.370%
$675,000	2033 (b)	5.000%	4.680%	$1,010,000	2041 (b)	5.250%	5.440%
$710,000	2034 (b)	5.000%	4.800%	$1,065,000	2042 (b)	5.250%	5.500%
$745,000	2035 (b)	5.000%	4.900%	$1,120,000	2043 (b)	5.250%	5.560%
$785,000	2036 (b)	5.000%	5.000%	$1,180,000	2044 (b)	5.250%	5.600%
$825,000	2037 (b)	5.000%	5.100%				

$2,570,000 5.500% Term Bond Due April 1, 2046 to Yield 5.670% (a) (b) (c)
$4,420,000 5.500% Term Bond Due April 1, 2049 to Yield 5.770% (a) (b) (c)
$9,255,000 5.750% Term Bond Due April 1, 2054 to Yield 5.850% (a) (b) (c)

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

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Southeast Regional Management District (the "District") to (1) reimburse certain District developers for a portion of the reimbursable road costs, including land costs and developer interest associated with certain sections of the District; (2) redeem Bond Anticipation Notes ("BANs"); (3) fund certain Bond Anticipation Note ("BAN") interest and BAN cost of issuance; and (4) pay costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, any county or city of the State of Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, or any county or city of the State of Texas is pledged to the payment of the principal of or interest on the Bonds**. The Bonds are subject to certain risk factors described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Certain other matters will be passed upon on behalf of the District by Norton Rose Fulbright US LLP, Houston, Texas, Underwriters' Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about November 5, 2026.

SAMCO CAPITAL MARKETS

HILLTOPSECURITIES **BAIRD**

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 1
SALE AND DISTRIBUTION OF THE BONDS 1
CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12 2
MUNICIPAL BOND RATING 4
BOND INSURANCE 4
OFFICIAL STATEMENT SUMMARY 6
SELECTED FINANCIAL INFORMATION 9
DEBT SERVICE SCHEDULE 10
OFFICIAL STATEMENT 11
INTRODUCTION 11
RISK FACTORS 11
USE OF BOND PROCEEDS 20
THE DISTRICT 21
GENERAL FUND FINANCIAL RESULTS 31
SYSTEMS SERVING THE DISTRICT 32
MANAGEMENT OF THE DISTRICT 35
DISTRICT DEBT 36
DISTRICT TAX DATA 37
TAXING PROCEDURES 40
CONSOLIDATION 45
THE BONDS 45
BOOK-ENTRY-ONLY SYSTEM 49
LEGAL MATTERS 51
TAX MATTERS 51
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS 53
OFFICIAL STATEMENT 53
MISCELLANEOUS 54
AUDITED FINANCIAL STATEMENTS OF THE DISTRICT ..... A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... B

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, upon payment of duplication costs.

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 that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep their Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds. See "OFFICIAL STATEMENT – Updating of Official Statement."

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

The Bonds are being purchased SAMCO Capital Markets, Inc., Hilltop Securities Inc., and Robert W. Baird & Co., Incorporated (collectively, the "Underwriters"), pursuant to a proposal submitted to the District at a price of $28,288,154.70 (which represents the principal amount of the Bonds of $28,925,000 less net original issue discount of $467,923.30 and less an Underwriters' discount of $168,922.00), plus accrued interest on the Bonds from the Dated Date to the date of delivery. Such price produces a net effective interest rate of 5.677483%.

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

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

SAMCO Capital Markets Inc., an Underwriter of the Series 2026A Road Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution

agreement, SAMCO Capital Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO Capital Markets Inc. will compensate Fidelity for its selling efforts.

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS 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 UNDERWRITERS 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 the trading of the Bonds in the secondary market. Moreover, there is no guarantee or assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional 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 Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the order authorizing the issuance of the Bonds ("Bond Order"), the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT" (except for "- Estimated Overlapping Debt")," "DISTRICT TAX DATA," (except for - "Estimated Overlapping Taxes,") and "APPENDIX A" (Audited Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026.

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, 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, any of which reflect financial difficulties. “Financial Obligation” in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an Underwriters to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent 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 beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the offering described herein. 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 District entered into its first continuing disclosure agreement in connection with the issuance of outstanding bonds in 2019. Since 2019, the District has substantially complied with all of its continuing disclosure agreements in accordance with the Rule, except for the following:

On March 6, 2024, the District issued its $2,160,000 Bond Anticipation Note, Series 2024 (the “Series 2024 BAN”). A Material Event Notice for the issuance of the Series 2024 BAN was filed by the District on July 7, 2024; and

On May 29, 2024, the District issued its $1,500,000 Bond Anticipation Note, Series 2024A (the "Series 2024A BAN"). A Material Event Notice for the issuance of the Series 2024A BAN was filed by the District on July 7, 2024.

The District has established procedures to report timely incurrence of such financial obligations in the future.

MUNICIPAL BOND RATING

In connection with the sale of the Bonds the District made application to Moody's Investors Service, Inc. ("Moody's") which assigned a rating of "Baa1" on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if in the judgment of Moody's circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

S&P Global Ratings ("S&P") assigned its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com/.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at https://bambonds.com/, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer: Southeast Regional Management District, a political subdivision of the State of Texas, formerly known as Harris-Montgomery Counties Management District (the "District"). The Board of Directors of the District changed the District's name by Resolution dated January 17, 2022, which name was subsequently amended in the Act (hereinafter defined). See "THE DISTRICT – Authority."

Description: The Southeast Regional Management District Unlimited Tax Road Bonds, Series 2026A (the "Bonds"), are dated November 1, 2026. The Bonds represent the tenth series of bonds to be issued by the District. The Bonds are issued pursuant to Article III, Section 52 and 52-a of the Texas Constitution, the Act (hereinafter defined), the general laws of the State of Texas, including particularly Chapter 375 of the Texas Local Government Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors of the District, and a bond election held within the District.

Redemption Provisions: The Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part, on April 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2046, 2049 and 2054 are Term Bonds and are subject to mandatory sinking fund redemption beginning on April 1 in the years 2045, 2047 and 2050, respectively. See "THE BONDS – Mandatory Redemption."

Source of Payment: The Bonds are payable from a continuing direct annual ad valorem tax levied upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, Montgomery County, Waller County, Liberty County, the City of Houston ("Houston"), the City of Tomball ("Tomball"), the City of Conroe ("Conroe"), the City of Willis ("Willis) or the City of Cut and Shoot ("Cut and Shoot"), or any other political subdivision or agency. See "THE BONDS - Source of and Security for Payment."

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

Use of Proceeds: The proceeds of the Bonds will be used by the District to (1) reimburse certain District developers for a portion of the reimbursable road costs, including land costs and developer interest associated with certain sections of the District; (2) redeem Bond Anticipation Notes ("BANs"); (3) fund certain Bond Anticipation Note ("BAN") interest and BAN cost of issuance; and (4) pay costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS."

Legal Opinion: Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

Paying Agent/Registrar: BOKF, NA, Dallas, Texas.

Payment Record: This is the District's tenth bond issue. The District has never defaulted in the payment of principal or interest on any of its outstanding obligations. See "RISK FACTORS"

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

NOT Qualified Tax Exempt Obligations: The District did NOT designate the Bonds as "qualified tax-exempt obligations". See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

Municipal Bond Rating: In connection with the sale of the Bonds, the District made application to Moody's which assigned a rating of "Baa1" on the Bonds based upon the District's underlying credit without bond insurance. An explanation

of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. See "MUNICIPAL BOND RATING."

Bond Insurance: S&P is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

THE DISTRICT

Authority: The District is a political subdivision of the State of Texas consisting of 34 separately owned and generally noncontiguous tracts of land located within Harris County, Montgomery County, Waller County, and Liberty County. The District was created as Harris County Improvement District No. 17 by House Bill 4829, Acts of the 81st Texas Legislature, Regular Session, effective June 19, 2009, codified as Chapter 3891, Texas Special Districts Local Laws Code (the "Act"). By HB 4731, Acts of the 86th Texas Legislature, Regular Session, amending Chapter 3891, Texas Special Districts Local Laws Code, the District's name was changed to Harris-Montgomery Counties Management District. The Board of Directors of the District changed the District's name to Southeast Regional Management District by Resolution dated January 17, 2022, as authorized by Section 375.096, Texas Local Government Code, as amended, and pursuant to HB 5698, Acts of the 89th Texas Legislature, Regular Session, the Act was amended to codify such name change. The District has the rights, powers, privileges, authority and functions of districts created pursuant to Article III, Sections 52 and 52-a, and Article XVI, Section 59 of the Texas Constitution and operates pursuant to the Act, as well as Chapters 372, 375, and 505, Texas Local Government Code, as amended, and Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ on matters related to the issuance of bonds for waterworks, sanitary sewer, and/or drainage facilities by the District. Neither the TCEQ nor any other agency exercises authority over the District's issuance of road bonds. See "THE DISTRICT – Authority."

Description and Location: The District includes approximately 34 separately owned and generally non-contiguous tracts of land owned by approximately 24 different developers/large landowners. Such tracts of land are located in northwest Harris County, southern Montgomery County, eastern Waller County, and western Liberty County. Several tracts of land are located within the Houston's extraterritorial jurisdiction ("ETJ"), a portion of the District is located within the ETJ of Tomball, one tract of land is located in Conroe's ETJ, one tract of land is located in Cut & Shoot's ETJ, one tract of land is located within the City limits of Tomball, and one tract of land is located in the city limits of Willis. The tracts of land in the District range from approximately 30 miles north of the City of Houston's central business district to 40 miles northwest of the City of Houston's central business district. The tracts of land within the District are located within the Magnolia Independent School District, Tomball Independent School District, Aldine Independent School District, Conroe Independent School District, Willis Independent School District and Waller Independent School District. See "THE DISTRICT – Description and Location."

Development of the District: The residential development in the District as of June 1, 2026, includes approximately 6,830 total developed lots, 4,757 completed homes (approximately 4,250 occupied homes), 351 homes under construction, and 1,725 vacant developed lots. According to information provided by the developers and homebuilders the District believes that approximately 4,250 homes are currently occupied.

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

Type of Land Use	Approximate Acres	
Developed and developing land	1,575.55	
Remaining developable land	1,347.17	(a)
Undevelopable land	660.29	(b)
Total Approximate Acres	3,583.01	(c)

(a) Some of these acres may have to be used for drainage easements, detention ponds, or road rights-of-way.

(b) Represents undevelopable acreage including road right-of-way, drainage easements, and wastewater plant sites. Additionally, such acreage includes 446 acres that are currently owned by Harris County that will be used for a regional detention pond and 78 acres that are the site of the Harris County Northwest Service Center.

(c) During the past two years, the District has completed the annexation of approximately 1,174 acres. Those annexations included the following sections of the District: Enclave at Willis (66.134 Ac), Black Oak 6 (6.297 Ac), Sunset Valley (82.0912 Ac), Oakwood 2 (50.935 Ac), Baron Village (66.372 Ac), Lake Conroe Cove (12.16 Ac), Williams Reserve East 2 (59.483 Ac), Coe Meadows North (101.648 Ac), Coe Ranch South (85.954 Ac), Oak Hills Montgomery North (52.232 Ac), Oak Hills Montgomery South (59.6003 Ac), Saddle Village (79.413 Ac), Copia Pines (62.891 Ac), Copia Pines Phase II (30.89 Ac), Spring Ridge (54.359 Ac), Riverside (23.488 Ac),

Binford Creek Phase 2 (104.6 Ac), Liberty Meadows (122.94 Ac), Sherbrooke (207.391 Ac) and Reinwoode (67.8 Ac).

Developers/Landowners in the District: The tracts of land in the District are currently owned by 24 different entities that are developing or intend to develop their tracts of land for single family residential purposes; and 3 entities that own tracts of land that may be developed for light industrial/commercial business purposes. Harris County owns approximately 446 acres in the District that will be developed as a regional detention facility and 78 acres that are the site of its Northwest Service Center. Harris County has additional plans to construct a Court House Annex, a sheriff's office, and a constable's office on the 78-acre tract. The land owned by Harris County is exempt from taxes levied by the District.

The Lone Star Community College owns approximately 18 acres which is currently being used as an oil and gas training center. The facility is a joint venture with FMC Industries known as Technip-FMC. Additionally, the College plans to build a multi-story classroom facility at this location. A portion of the land at the College's site is exempt from taxes levied by the District. See "THE DISTRICT – Subdivisions/Tracts Located within the District."

Subdivisions Currently Under Development: The District presently includes single family residential building development that is underway in 25 subdivisions. As of June 1, 2026, such building development includes approximately 4,757 completed homes, approximately 351 homes under construction, and 1,725 vacant developed lots. Homes in the District are currently being marketed in the $150,000 - $450,000 price range. According to information provided by the developers and homebuilders, the District believes that approximately 4,250 homes are currently occupied. See "THE DISTRICT – Status of Homebuilding Development" and "– Subdivisions with Homebuilding Development."

Commercial Building Development: Adkisson Group, Inc. has developed approximately 10 acres in the District and has constructed 5 industrial warehouse/office type buildings totaling approximately 90,000 square feet. Three of the buildings are leased to end users; the other two buildings are in various stages of being leased.

The Systems Serving the District: Each of the residential subdivisions in the District is responsible for planning for adequate water supply capacity and wastewater treatment capacity in order to serve each of the respective subdivisions. Each of the residential developers is responsible for construction of the water distribution, wastewater collection, and storm drainage facilities to serve its subdivisions. See "SYSTEMS SERVING THE DISTRICT."

SELECTED FINANCIAL INFORMATION
(Unaudited)

5/15/2026 Estimated Taxable Valuation	$1,393,308,407	(a)
2025 Certified Taxable Valuation	$923,147,345	(b)
Direct Debt		
Outstanding Bonds (As of November 1, 2026)	$142,040,000	(c)
The Bonds	$28,925,000	
Total Direct Debt	$170,965,000	
Estimated Overlapping Debt	$48,582,409	
Direct and Estimated Overlapping Debt	$219,547,409	
Percentage of Direct Debt to:		
5/15/2026 Estimated Taxable Valuation	12.27%	
2025 Certified Taxable Valuation	18.52%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
5/15/2026 Estimated Taxable Valuation	15.76%	
2025 Certified Taxable Valuation	23.78%	
See "DISTRICT DEBT"		
2025 Tax Rate Per $100 of Assessed Value		
Utility Debt Service Tax	$0.00	(d)
Road Debt Service Tax	$0.55	
Maintenance Tax	$0.68	
Total 2025 Tax Rate	$1.23	
Cash and Temporary Investment Balances:		
General Fund as of July 21, 2026	$8,847,949	
Road Capital Projects Fund as of July 21, 2026	$2,722,961	
Road Debt Service Fund as of July 21, 2026	$3,242,912	(e)
Pro-Forma Utility Debt Service Fund as of delivery of the Bonds	$1,543,038	(f)

(a) Reflects data supplied by the Harris Central Appraisal District ("HCAD"), the Montgomery Central Appraisal District ("MCAD") and the Waller County Appraisal District ("WCAD"), (collectively, "the Appraisal Districts"). The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Harris County was prepared by HCAD and provided to the District. The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Montgomery County was prepared by MCAD and provided to the District. The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Waller County was prepared by WCAD and provided to the District. Such values are not binding on the Appraisal Districts and are provided for informational purposes only. The District is authorized by law to only levy taxes against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) The figure above represents the January 1, 2025 Certified Values as provided by MCAD ($624,076,280), HCAD ($282,794,086) and WCAD ($16,276,979).

(c) Includes the pending $32,485,000 Unlimited Tax Bonds, Series 2026 scheduled to be issued on October 15, 2026. The District's Series 2019, 2021 and 2021A Bonds were issued by the District under the District's prior name of Harris Montgomery Counties Management District.

(d) The District intends to levy a utility debt service tax rate for 2026.

(e) Neither Texas law nor the Bond Order (hereinafter defined) requires that the District maintain any particular sum in the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on bonds issued to pay for certain water, sanitary sewer and storm drainage facilities (the "Utility Bonds").

(f) The District intends to close on the transaction of its first series of Utility Bonds (the $32,485,000 Unlimited Tax Bonds, Series 2026) on October 15, 2026. The amount shown above is expected to be deposited to the Utility Debt Service Fund at that time. Neither Texas law nor any bond order of the District requires that the District maintain any particular sum in the Utility Debt Service Fund. The cash and investment balances in the Utility Debt Service Fund are not available to make debt service payments on the Bonds or any of the other District bonds issued for road facilities.

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the District's outstanding bonds and the debt service requirements for the Bonds.

Year	Existing Debt Service Requirements	Plus: Debt Service on the The Bonds Principal	Interest	Total Debt Service Requirements
2026	$6,009,957	-	-	$6,009,957
2027	$8,045,324	-	$1,432,521	$9,477,845
2028	$8,667,949	-	$1,562,750	$10,230,699
2029	$8,671,083	-	$1,562,750	$10,233,833
2030	$9,342,580	$580,000	$1,548,250	$11,470,830
2031	$9,334,568	$610,000	$1,518,500	$11,463,068
2032	$9,296,174	$640,000	$1,487,250	$11,423,424
2033	$9,313,924	$675,000	$1,454,375	$11,443,299
2034	$9,268,262	$710,000	$1,419,750	$11,398,012
2035	$9,293,284	$745,000	$1,383,375	$11,421,659
2036	$9,259,499	$785,000	$1,345,125	$11,389,624
2037	$9,233,012	$825,000	$1,304,845	$11,362,857
2038	$9,267,636	$865,000	$1,262,625	$11,395,261
2039	$9,258,218	$910,000	$1,218,250	$11,386,468
2040	$9,227,337	$960,000	$1,170,900	$11,358,237
2041	$9,229,093	$1,010,000	$1,119,788	$11,358,881
2042	$9,250,115	$1,065,000	$1,065,319	$11,380,433
2043	$9,215,429	$1,120,000	$1,007,963	$11,343,392
2044	$9,223,202	$1,180,000	$947,588	$11,350,789
2045	$9,217,446	$1,250,000	$882,238	$11,349,683
2046	$9,032,524	$1,320,000	$811,563	$11,164,087
2047	$9,027,861	$1,395,000	$736,900	$11,159,761
2048	$9,000,268	$1,470,000	$658,113	$11,128,381
2049	$8,974,060	$1,555,000	$574,925	$11,103,985
2050	$8,401,464	$1,645,000	$484,869	$10,531,333
2051	$8,112,614	$1,740,000	$387,550	$10,240,164
2052	$7,115,449	$1,845,000	$284,481	$9,244,930
2053	$6,155,225	$1,955,000	$175,231	$8,285,456
2054	$4,243,338	$2,070,000	$59,513	$6,372,850
TOTAL	**$249,686,893**	**$28,925,000**	**$28,867,333**	**$307,479,227**

Maximum Annual Debt Service Requirements (2030)..... $11,470,830

$0.87 Tax Rate on 5/15/2026 Estimated Taxable Valuation of $1,393,308,407
@ 95% collections produces.....$11,515,694

$1.31 Tax Rate on 2025 Certified Taxable Valuation of $923,147,345
@ 95% collections produces.....$11,488,569

See "DISTRICT TAX DATA – Adequacy of Tax Revenue."

OFFICIAL STATEMENT

relating to

$28,925,000

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
(A political subdivision of the State of Texas located within Harris, Montgomery, Waller and Liberty Counties, Texas)

UNLIMITED TAX ROAD BONDS
SERIES 2026A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Southeast Regional Management District (the "District") of its $28,925,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds"). The District is a political subdivision of the State of Texas consisting of 34 separately owned and generally noncontiguous tracts of land located within Harris County, Montgomery County, Waller County and Liberty County.

The Bonds are issued pursuant to Article III, Section 52 and 52-a, of the Texas Constitution, the Act, the general laws of the State of Texas, including particularly Chapter 375 of the Texas Local Government Code, as amended, an order (the "Bond Order") adopted by the Board of Directors of the District, and a bond election held within the District on May 7, 2016.

This Official Statement includes descriptions of the Bonds, the Bond Order, the District's financial condition, the developers in the District, and the District. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE ONLY SUMMARIES AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, Montgomery County, Waller County, Liberty County, Houston, Tomball, Conroe, Willis, Cut and Shoot, or any entity other than the District. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to maintain property taxes to pay debt service at current levels.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District'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 limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. In addition to the automatic stay against collection

of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (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.

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against the district. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Even if it does not meet the eligibility requirements to file for bankruptcy under Texas law, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claim.

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Economic Factors

The continued growth and maintenance of taxable values in the District is directly related to the housing/homebuilding industry. Historically, the housing and homebuilding industry has been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions including the relative price of oil and natural gas. Any future commercial building in the District (if any) could also be adversely affected by such economic developments.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates, at which developers and builders are able to obtain financing for development or building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates can affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The economy of the Houston metropolitan area and the southeast Texas regional area is largely dependent on the energy and petrochemical industries. Recent fluctuations in the price of oil and related products have the potential to negatively affect the economy of the Houston metropolitan area and the southeast Texas region and likewise negatively affect housing prices, assessed valuations and continued development in the District. The District can make no prediction on what effect current or future oil prices may have on housing prices, assessed valuations and continued development in the District.

The housing industry in the Houston area is competitive and the District can give no assurance that current building programs will be completed. The competitive position of the developers in the sale of their developed lots and present and prospective builders in the construction of single-family residential houses is affected by most of the factors discussed herein. Successful development is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Most of the land in the District is planned for single-family residential development; land planning, development and home building are currently ongoing in several areas of the District. See “THE DISTRICT - Subdivisions with Homebuilding Development.”

Future increases in taxable value in the District may also be impacted by increased development costs, ability to obtain and retain workers, environmental regulation, cost and availability of utility service and energy; other government regulation, changes in consumer confidence, and perceptions by consumers of the safety, convenience and attractiveness of the District and environs.

Dependence on Principal Taxpayers

Based upon the 2025 tax roll information, the top ten taxpayers are responsible for approximately 4.92% of the District’s 2025 taxes. The ability of the principal taxpayers to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. If, for any reason, the principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to use other funds for debt service purposes to the extent available. The District has no understanding with any of the principal taxpayers regarding their future development plans in the District. The District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund, Road Debt Service Fund or any other funds. Therefore, failure by the principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District’s available funds could have a material adverse effect upon the District’s ability to pay debt service on the Bonds on a current basis. See “THE DISTRICT – Subdivisions/Tracts Located within the District” and “DISTRICT TAX DATA – 2025 Principal Taxpayers.”

Dependence on Future Development and Potential Impact on District Tax Rates

The District’s 2025 total tax rate is $1.23 per $100 of assessed valuation, consisting of $0.55 for debt service and $0.68 for maintenance and operations.

Assuming no further construction of residential or commercial projects within the District other than those that have been constructed, the value of such land and improvements within the District would be a major determinant of the ability of the District to collect and the willingness of property owners to pay ad valorem taxes levied by the District.

After issuance of the Bonds, the District’s Maximum Annual Debt Service Requirements will be $11,470,830 (2030). The 5/15/2026 Estimated Taxable Valuation of property within the District is $1,393,308,407. Assuming no increase or decrease in the 5/15/2026 Estimated Taxable Valuation and no use of other District funds, a debt service tax rate of $0.87 per $100 of Assessed Valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirements. The 2025 Certified Taxable Valuation of property within the District is $923,147,345. Assuming no increase or decrease in the 2025 Certified Taxable Valuation and no use of other District funds, a debt service tax rate of $1.31 per $100 of Assessed Valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirements. See "DISTRICT TAX DATA – Adequacy of Tax Revenue."

Landowners/Developers under no Obligation to the District

None of the developers or landowners within the District have any commitment or obligation to proceed at any particular rate or according to any specified plan with the development of land or the construction of additional improvements in the District. Currently, there is no restriction on any landowner’s right (including the developers) to sell its land. Failure to construct taxable improvements on developed tracts of land currently available in the District and failure of other landowners to improve their developed tracts would restrict the rate of growth of taxable value in the District. See “THE DISTRICT – Subdivisions Tracts Located Within the District”, “– Status of Homebuilding Development” and “- Subdivisions with Homebuilding Development.” The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of any of them will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – 2025 Principal Taxpayers."

Future Debt

The District's voters have authorized the issuance of unlimited tax bonds at an election held on May 7, 2016, for various purposes as reflected in the table below:

Amount	Purpose
$200,000,000	For certain water, sanitary sewer, and storm drainage facilities
$200,000,000	For refunding water, sanitary sewer, and storm drainage facility bonds
$670,000,000	For certain road facilities
$670,000,000	For refunding road facility bonds
$80,000,000	For certain parks and recreation facilities
$80,000,000	For refunding parks and recreation facility bonds

After the issuance of the Bonds, the District will have the following amounts that remain authorized but unissued: (i) $167,515,000 of unlimited tax bonds for water, wastewater, and drainage facilities; (ii) $528,810,000 of unlimited tax bonds for road facilities; and (iii) $80,000,000 of unlimited tax bonds for parks and recreational facilities. Additional bonds issued pursuant to the May 7, 2016, election will be on a parity with the Bonds.

The voters within Defined Area No. 1 (hereinafter defined) have authorized the issuance of unlimited tax bonds at an election held on November 3, 2020, for various purposes as reflected in the table below:

Amount	Purpose
$10,000,000	For certain water, sanitary sewer, and storm drainage facilities
$15,000,000	For refunding water, sanitary sewer, and storm drainage facility bonds
$10,000,000	For certain road facilities
$15,000,000	For refunding road facility bonds
$8,000,000	For certain parks and recreation facilities
$12,000,000	For refunding parks and recreation facility bonds

Defined area bonds are special limited obligations of the District secured solely by ad valorem taxes imposed upon taxable property within such defined area. See "THE DISTRICT – The Defined Area," and "THE BONDS – Issuance of Additional Debt."

In addition to the bonds already authorized by District voters, the District has the right to issue additional new money bonds after approval by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Certain of the District's bonds must also be approved by the TCEQ.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Additional new money bonds or refunding bonds would be issued on a parity with the Bonds.

Depending upon the District's future issuance of tax-supported debt and the development of the District's tax base, increases in the District's annual ad valorem tax rate may be required to provide for the payment of principal of and interest on the District's current bonded indebtedness and any future tax-supported debt issued by the District. The Bond Order imposes no limitation on the amount of additional parity bonds that may be issued by the District (if authorized by the District's voters and approved by the Board and in certain cases by the TCEQ). The Act provides that the total principal amount of bonds issued for road projects may not exceed one-fourth of the assessed value of real property in the District. The District expects to issue additional bonds within the next 12 months.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Prior to issuing such bonds, a district must prepare a park plan and conduct a park and recreational facilities bond election. The District has prepared a park plan and conducted a successful park and recreational facilities bond election. The District intends to issue park and recreational facilities bonds in the future. Issuance of such bonds is subject to the approval of the proceedings by the Attorney General of Texas.

The levy of taxes for such purposes may dilute the security for the Bonds.

Plan of Financing

The District has entered into development agreements with approximately 24 different developers/landowners pursuant to which the District expects to issue additional bonds to reimburse such developers/landowners for the costs of eligible roadway, drainage and park and recreational facilities. The District expects to annex additional parcels of land into the District and enter into additional development agreements with developers/landowners.

The District anticipates that it will only issue bonds to reimburse a developer for eligible roadway, drainage and park and recreational facilities if the taxable value of the developer's/landowner's project is sufficient to enable the District to maintain a future total tax rate (for debt service and operations and maintenance) of approximately $1.23 per $100 of assessed valuation. However, the District cannot guarantee that it will be successful in limiting its future total tax rate.

Continuing Compliance with Certain Covenants

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

Changes in Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or ending legislation, regulatory initiatives or litigation.

Environmental Regulations

Environmental laws and regulations can increase the cost of development in the District or otherwise adversely affect 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 Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Water Supply & Discharge Issues. Most of the property within the District is served by privately owned utilities subject to regulation by the Public Utility Commission of the State of Texas ("PUC"). Such utilities are subject to all environmental laws and regulations and may pass on their costs to the consumers subject to PUC review of their rates. The remainder of the property within the District is served by nearby cities or public agencies.

Storm Water Runoff. Developers within the District have constructed various drainage facilities, including storm sewers and detention basins to handle storm water runoff. The District may accept ownership of such facilities in the future. If that occurs, the District may be subject to regulations concerning stormwater discharge.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. 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.

Severe Weather; Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast, and is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The Texas Gulf Coast area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015.

If a future hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. See "TAXING PROCEDURES – Temporary Tax Exemption for Property Damaged by Disaster" and "– Delinquent Tax Payments for Disaster Areas."

Specific Flood Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – 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) Flooding – 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.

Coastal (or Storm Surge) Flooding – Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Temporary Tax Exemption for Property Damaged by Disaster

The Tax Code (hereinafter defined) provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the

disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the 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 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. See "Taxing Procedures."

Tax Payment Installments after Disaster

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

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

Harris County and City of Houston Floodplain Regulations

Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures in the 100-year and 500-year floodplains. Additionally, Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City of Houston floodplain regulations govern construction projects in the corporate and extraterritorial jurisdiction of the City of Houston and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City of Houston regulations require an improved structure with a new market value which exceeds 50% of the market value of the structure prior to the start of improvements to meet the more stringent regulations.

The new and amended Harris County and City of Houston regulations may have a negative impact on new development in those subdivisions in the District that are within Harris County or in the City of Houston's extraterritorial jurisdiction.

Atlas 14

The Oceanic and Atmospheric Administration has created a precipitation-frequency atlas of the United States ("Atlas 14"). The atlas is updated periodically and in 2026 or 2027 a new atlas ("Atlas 15") is expected to be released. These precipitation frequency studies are used to redraw floodplain boundaries using the most current rainfall data. In conjunction with FEMA, Harris County Flood Control District has released a new flood plain map for Harris County based on updated data and advanced modeling tools. This map is now subject to public comment and appeal. A change in the District's floodplain boundaries could result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Infrastructure Agreement with Harris County

The District has entered into an agreement (the "County Agreement") with Harris County for the construction of certain infrastructure (water, sewer, drainage and road facilities) (the "Infrastructure") within or/or adjacent to that certain 606.1394-acre tract of land originally comprising the District (the "Original District"). In connection therewith, the County advanced funds to purchase certain land to be used for detention, and constructed certain facilities on behalf of the District to serve the land within the Original District. The Agreement provides that the District will reimburse the County approximately $30,000,000 of Infrastructure costs, as and if eligible, plus certain interest payments, all to the extent allowed by law (the "County Obligation"). Such payments are to begin no later than December 31, 2026.

The District will fund the County Obligation with revenues derived solely from the land within the Original District. The Development and Financing Agreements associated with the developer tracts obligate the District to reimburse the developers based upon the taxable value of each developer's tract. However, the District may fund any outstanding portion of the County Obligation with surplus assessed valuation derived from the developer tracts, subject to certain conditions and limitations, including:

1. That each Developer has been fully reimbursed for any and all eligible costs as defined in each respective Developer's Financing and Reimbursement Agreement; and

2. That each respective payment to the County for the County Obligation will not cause the District's total tax rate to exceed $1.25 per $100 taxable valuation.

The District's obligations pursuant to the County Agreement do not in any way limit the District's pledge of security for the Bonds. The sale of any bonds by the District for the County Obligation is subject to approval of the TCEQ (where applicable) and the Attorney General of the State of Texas. See "THE BONDS – Issuance of Additional Debt."

Forward-Looking Statements

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

Cybersecurity

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

Bond Insurance Risk Factors

If a bond insurance policy is obtained securing principal of, and interest on the Bonds, then 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 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 optional prepayment of the Bonds by the issuer that is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the applicable Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

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

Increase In Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the developer or homebuilder[s] in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the developer's ability to construct utility and road facilities and a homebuilder's ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the developer or any home builder

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used by the District to (1) reimburse certain District developers for a portion of the reimbursable road costs, including land costs and developer interest associated with certain sections of the District; (2) redeem Bond Anticipation Notes ("BANs"); (3) fund certain Bond Anticipation Note ("BAN") interest and BAN cost of issuance; and (4) pay costs related to the issuance of the Bonds. The District's present estimate of the use of proceeds of the Bonds is as follows:

ROAD CONSTRUCTION COSTS	**Total Amount**	
Enclave at Dobbin	$ 184,432	
Alset Villas	250,505	
Colony at Pinehurst	1,259,905	
Mill Creek South	216,071	
Mill Creek North	532,466	
Flagstone	2,240,000	
Creekside Court	219,591	
Marie Village, William Trails, Lake Conroe Cove, Baron Village, Williams Reserve East	3,969,512	
Bauer Meadows	1,871,863	
Binford Creek	3,925,858	
Oakwood	3,469,109	
Moore Landing	3,530,464	
Trails at Cochran Ranch	1,761,504	
Sunset Valley	2,693,600	
Additional Developer Reimbursements	200,000	
TOTAL CONSTRUCTION COSTS	**$26,324,880**	(b)
NON-CONSTRUCTION COSTS:		
Bond Insurance	$ 173,377	
Underwriters' Discount	168,922	
Capitalized Interest	-	
BAN Interest	215,119	(a)
BAN Cost of Issuance	135,000	(a)
Bond Manager	75,000	
Financial Advisor	578,500	
Bond Counsel	613,900	
Underwriters' Counsel	20,000	
Texas Attorney General	9,500	
Moody's Rating Agency Fee	33,000	
Standard & Poor's Rating Agency Fee	30,000	
Engineer POS Work	25,000	
Auditor	25,000	
Printing Cost	2,500	
Paying Agent/Registrar	3,000	
Contingency	492,302	(c)
TOTAL NON-CONSTRUCTION COSTS	**$ 2,600,120**	
TOTAL BOND ISSUE REQUIREMENT	**$28,925,000**	

(a) Reflects interest and cost of issuance associated with the District's Series 2025A Bond Anticipation Note and Series 2026 Bond Anticipation Note, which are being refunded with proceeds of the Bonds.

(b) There are no regulations by the TCEQ or any other agency relating to the District's reimbursement of road costs to the developers. Prior to actually reimbursing certain Developers from Bond proceeds, the District engaged its Auditor to conduct a review of each entity's respective documentation of the payments of such road costs.

(c) Such funds will be used by the District for road related costs after the completion of the necessary reviews by the District's auditors and approval of the District's Board of Directors.

THE DISTRICT

Authority

The District is a political subdivision of the State of Texas consisting of 34 separately owned and generally noncontiguous tracts of land located within Harris County, Montgomery County, Waller County, and Liberty County. The District was created as Harris County Improvement District No. 17 by House Bill 4829, Acts of the 81st Texas Legislature, Regular Session, effective June 19, 2009, codified as Chapter 3891, Texas Special Districts Local Laws Code (the "Act"). By HB 4731, Acts of the 86th Texas Legislature, Regular Session, amending Chapter 3891, Texas Special Districts Local Laws Code, the District's name was changed to Harris-Montgomery Counties Management District. The Board of Directors of the District changed the District's name to Southeast Regional Management District by Resolution dated January 17, 2022, as authorized by Section 375.096, Texas Local Government Code, as amended, and pursuant to HB 5698, Acts of the 89th Texas Legislature, Regular Session, the Act was amended to codify such name change. The District has the rights, powers, privileges, authority and functions of districts created pursuant to Article III, Sections 52 and 52-a, and Article XVI, Section 59 of the Texas Constitution and operates pursuant to the Act, as well as Chapters 372, 375, and 505, Texas Local Government Code, as amended, and Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ on matters related to the issuance of bonds for waterworks, sanitary sewer, and/or drainage facilities by the District. Neither the TCEQ nor any other agency exercises authority over the District's issuance of road bonds.

The District has agreed to observe certain City of Houston requirements in its consent ordinance. These requirements limit the purposes for which the District may sell bonds to the acquisition and improvement of waterworks, wastewater, drainage, park and recreation, road, and fire-fighting facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the approval by the City of Houston of certain of the District's construction plans and specifications. A portion of the District lies within the ETJ of Tomball and one tract in the District lies within the limits of Tomball. One tract lies within the ETJ of City of Cut and Shoot, one tract lies within the City of Willis, and one tract lies within City of Conroe's ETJ.

Description and Location

The District, as it was originally created, included approximately 606 acres. Subsequent to creation, there have been approximately 43 annexations totaling approximately 2,977 acres; there have been no exclusions of land since the District's creation. The District currently includes approximately 3,583 acres. The tracts of land in the District range from approximately 30 miles north of the City of Houston's central business district to 40 miles northwest of the City of Houston's central business district.

The subdivisions in the District are located within the Magnolia Independent School District, Tomball Independent School District, Waller Independent School District, Conroe Independent School District, Willis Independent School District and Aldine Independent School District.

The tracts owned by Nabors Industries (25 acres), Adkisson Group, Inc. (10 acres), and Willow Creek Realty, Inc. (32 acres) have been or are currently anticipated to be developed for light industrial/commercial use. Approximately 524 acres are owned by Harris County and 18 acres are owned by Lone Star Community College. All of the land owned by Harris County and a portion of the land at the College's site is exempt from taxes levied by the District.

Status of Land Development/Land Uses in the District

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

Type of Land Use	Approximate Acres	
Developed and developing land	1,575.55	(a)
Remaining developable land	1,347.17	(a)
Undevelopable land	660.29	(b)
Total Approximate Acres	3,583.01	(c)

(a) Some of these acres may have to be used for drainage easements, detention ponds, or road rights-of-way.

(b) Represents undevelopable acreage including road right-of-way, drainage easements, and wastewater plant sites. Additionally, such acreage includes 446 acres that are currently owned by Harris County that will be used for a regional detention pond and 78 acres that are the site of the Harris County Northwest Service Center.

(c) During the past two years, the District has completed the annexation of approximately 1,174 acres. Those annexations included the following sections of the District: Enclave at Willis (66.134 Ac), Black Oak 6 (6.297 Ac), Sunset Valley (82.0912 Ac), Oakwood 2 (50.935 Ac), Baron Village (66.372 Ac), Lake Conroe Cove (12.16 Ac), Williams Reserve East 2 (59.483 Ac), Coe Meadows North (101.648 Ac), Coe Ranch South (85.954 Ac), Oak Hills Montgomery North (52.232 Ac), Oak Hills Montgomery South (59.6003 Ac), Saddle Village (79.413 Ac), Copia Pines (62.891 Ac), Copia Pines Phase II (30.89 Ac), Spring Ridge (54.359 Ac), Riverside (23.488 Ac), Binford Creek Phase 2 (104.6 Ac), Liberty Meadows (122.94 Ac), Sherbrooke (207.391 Ac) and Reinwoode (67.8 Ac).

Subdivisions/Tracts Located within the District

The following is a list of the subdivisions/tracts of land located within the District as of June 1, 2026:

Subdivision/Tract of Land	Acres	Developer/Land Owner	County	Status of Development
Mostyn Springs	134	133 Community Road, Ltd.	Montgomery	(a)(x)
Lakes at Black Oak	167	150 CCM Black Oak, Ltd.	Montgomery	(a)(x)
Alset Villas	19	Alset Ehome Inc.	Montgomery	(a)(x)
Colony at Pinehurst	123	History Maker Homes	Montgomery	(a)(x)
Enclave at Dobbin	73	Riverwood Development, Inc.	Montgomery	(a)(x)
Mill Creek South	48	Mill Creek South Development Ltd.	Montgomery	(a)(x)
Mill Creek North	68	282 Mill Creek Farms, Ltd.	Montgomery	(a)(x)
Rosehill Meadow	51	Decker Prairie Rosehill Dev., LLC	Harris	(a)(x)
Flagstone	99	Humble Joint Venture 1, LLC	Harris	(a)(x)
Creekside Court	20	Creekside Court Development, LP	Montgomery	(a)(x)
Willow Creek Realty	32	Willow Creek Realty, Inc.	Harris	(b)(x)
Adkisson Group	10	Adkisson Group, Inc.	Harris	(c)(x)
Nabors Industries	25	Nabors Industries, Inc.	Harris	(d)(x)
Prestige	12	Prestige Custom Homes	Harris	(e)(x)
Harris County	524	Harris County	Harris	(f)(x)
Lone Star Community College	18	Lone Star Community College	Harris	(g)(x)
Trails at Cochran Ranch	141	Fastboy Cochran Road, LLC	Waller	(a)(x)
Marie Village	52	Ellison Collections, LLC	Montgomery	(a)(x)
Baron Village	66	Ellison Collections, LLC	Montgomery	(a)(x)
William Trails	101	Ellison Collections, LLC	Montgomery	(a)(x)
Williams Reserve East	113	Ellison Collections, LLC	Montgomery	(a)(x)
Bauer Meadows	49	KB Home Lone Star Inc.	Harris	(a)(x)
Binford Creek	212	Lennar Homes of Texas	Harris	(h)(x)
Enclave at Lexington Woods	33	Lennar Homes of Texas	Harris	(i)(x)
Moore Landing	181	Lennar Homes of Texas	Montgomery	(j)(x)
Oakwood	104	KB Home Lone Star Inc.	Harris	(a)(x)
Sunset Valley	82	DR Horton	Montgomery	(k)(x)
Enclave at Willis	66	Enclave at Willis, Ltd.	Montgomery	(l)(x)
Coe Ranch	188	Lennar Homes of Texas	Montgomery	(m)(x)
Copia Pines	94	Copia Development, LLC	Montgomery	(n)(x)
Lake Conroe Cove	12	Ellison Collections, LLC	Montgomery	(o)(x)
Saddle Village	79	Ellison Collections, LLC	Montgomery	(p)(x)
Spring Ridge	54	Spring Ridge Holdings, LLC	Montgomery	(q)(x)
Riverside	23	Orbit Asset Group, LLC	Montgomery	(r)(x)
Liberty Meadows	123	Calara Land (TX), LLC	Liberty	(s)(x)
Sherbrooke	207	Old Hockley Venture, LLC	Montgomery	(t)(x)
Reinwoode	68	Calara Land (TX), LLC	Montgomery	(u)(x)
Oak Hills Montgomery North	52	Keenan North Development, LTD	Montgomery	(v)(x)
Oak Hills Montgomery South	60	Keenan South Development, LTD	Montgomery	(v)(x)
TOTAL	**3,583**			

(a) See "Subdivisions with Homebuilding Development" - herein.

(b) Willow Creek Realty Inc. is currently marketing its land in the District which is deed restricted for light industrial commercial use.

(c) Adkisson Group, Inc. has developed approximately 10 acres in the District and has constructed 5 industrial warehouse/office type building totaling approximately 90,000 square feet. Three of the buildings have been sold to end users; the other two buildings are in various stages of being fully leased. The land within this portion of the District receives its water and sewer service from the City of Tomball.

(d) Nabors Industries, Inc. is currently marketing its land in the District which is deed restricted for light industrial commercial use.

(e) Prestige Custom Homes is in the preliminary planning process for developing single family lots.

(f) Harris County owns approximately 524 acres of land in the District; 446 of such acreage will be developed by Harris County as a regional detention pond. Additionally, Harris County owns approximately 78 acres that are currently the site of the Northwest Service Center; Harris

County has additional plans to construct a courthouse annex, a sheriff's office, and a constable's office on the 78-acre site. Property owned by Harris County is exempt from taxes levied by the District.

(g) Lone Star Community College currently has an oil and gas training center located in the District that is a joint venture with FMC Industries known as Technip-FMC. Additionally, the College plans to build a multi-story class room facility at this location in the District. A portion of the land at the College's site is exempt from taxes levied by the District.

(h) Lennar Homes of Texas Land and Construction ("Lennar Homes") has developed Binford Creek into a 212-acre, 484 lot residential subdivision. As of June 1, 2026, there were 331 completed homes, 28 homes under construction and 125 vacant developed lots in the subdivision.

(i) Lennar Homes has developed Enclave at Lexington Woods into a 33-acre, 121 lot residential subdivision. As of June 1, 2026, all 121 homes have been completed.

(j) Houston LD, LLC was the original developer in Moore Landing. Moore Landing is currently anticipated to included 831 single family residential lots at buildout. The land development work in Sections 1 & 2 (277 lots) is complete. On February 2025, Houston LD, LLC sold its interest in the land in Moore Landing to Lennar Homes. As of June 1, 2026, there were 218 completed homes, 10 homes under construction and 49 vacant developed lots in the subdivision. Homes have been marketed in the $275,000 price range.

(k) DR Horton Homes is the developer of 82 acres annexed into the District in December 2023. According to representatives of DR Horton, land development in this subdivision began in the fourth quarter of 2024 and the first section of lots became available for home building in 2025.

(l) Enclave at Willis, Ltd. has developed the 40 acres for single family residential purposes. All of Section 1 (126 lots) is substantially developed and Smith Douglas Homes and Colina Homes began construction in this Section in March 2025. Smith Douglass and Colina Homes currently anticipate that homes will be marketed in the $330,000 price range.

(m) Lennar Homes plans to develop Coe Ranch (North and South) into a 186-acre, 912 lot residential subdivision. Land development work has begun on the first section (170 acres, 391 lots). It is currently anticipated that the first lots will be available for homebuilding in the second quarter of 2026 and those homes will be marketed in the $275,000 price range.

(n) Copia Pines Development, LLC ("Copia Development") is in the process of developing Copia Pines into a 94-acre, 213+/- lot subdivision. Beazer Homes is the sole homebuilder in Copia Pines and home prices range from $330,000 to $450,000.

(o) Ellison Collections, LLC ("Ellison") has substantially completed the land development of the 12-acre, 77 lot subdivision known as Lake Conroe Cove. It is presently anticipated that DR Horton will begin construction of homes in the subdivision in June 2025.

(p) Ellison Collections, LLC ("Ellison") is the developer in Saddle Village.

(q) Spring Ridge Holdings, LLC ("Spring Ridge") plans to develop Spring Ranch into a 54-acre, 250 lots subdivision. It is presently anticipated that Alta Homes, Home Creations and DR Horton will be the homebuilders in the District.

(r) Orbit Asset Group, LLC ("Orbit") plans to develop Riverside into a 23-acre, 130 lots subdivision. It is presently anticipated that Alta Homes will be the sole homebuilder in the District.

(s) Calara Land (TX), LLC ("Calara"), plans to develop Liberty Meadows into a 123-acre, 549 lots subdivision. It is presently anticipated that Lennar Homes will be the sole homebuilder in the District.

(t) Old Hockley Venture, LLC ("Old Hockley") plans to develop Sherbrooke into a 207-acre, 709 lots subdivision. It is presently anticipated that Lennar Homes and Smith Douglas Homes will be the homebuilders in the District.

(u) Calara currently owns the tract and plans to sell the tract to the Pulte Homes ("Pulte"). Pulte plans to develop Reinwoode into a 68-acre, 352 lots subdivision. It is presently anticipated that Pulte will be the sole homebuilder in the District.

(v) Keenan North Development, LTD and Keenan South Development, LTD (collectively, "Keenan"), plans to develop Oak Hills Montgomery North into a 52-acre, 236 lots subdivision and Oak Hills Montgomery South into a 60-acre, 267 lots subdivision. It is presently anticipated that Smith Douglas Homes and Colina Homes will be the homebuilders in the District.

(x) The District can make no representation that additional development at this site will occur or the success of such development if additional development does occur.

Status of Homebuilding Development

A summary of the approximate status of homebuilding development in the District on or about June 1, 2026 is reflected in the table below:

Subdivision/Sections (a)	Total Lots	Completed Homes	Homes Under Construction	Vacant Developed Lots
Mostyn Springs, Sections 1-3	460	354	10	96
Lakes at Black Oak, Sections 1-4	703	593	69	41
Alset Villas	63	4	35	24
Enclave at Dobbin, Sections 1-3	395	395	-	-
Mill Creek North, Sections 1-3	257	256	0	1
Mill Creek South, Sections 1 & 2	183	183	-	-
Rosehill Meadow	240	240	-	-
Creekside Court	97	97	-	-
Flagstone, Sections 1-4	434	303	20	111
Marie Village, Sections	438	438	-	-
Oakwood, Sections	452	314	53	85
Williams Reserve East	100	42	7	51
Enclave at Lexington Woods	121	121	-	-
Colony at Pinehurst, Sections 1-6	439	184	10	245
Binford Creek	484	331	28	125
Moore Landing	277	218	10	49
Trails at Cochran Ranch	301	168	21	112
William Trails	431	169	0	262
Bauer Meadows	218	185	30	3
Copia Pines	109	2	9	98
Sunset Valley	221	118	30	73
Lake Conroe Cove	77	11	0	66
Baron Village	207	6	9	192
Enclave at Willis	126	25	10	91
	6,833	**4,757**	**351**	**1,725**

(a) The table above does not include 4 subdivisions (approximately 395 acres) that developers have indicated plans to develop tracts for single-family development at some point in time in the future.

Subdivisions with Homebuilding Development

- Mostyn Springs Subdivision -

The developer of Mostyn Springs is 133 Community Road, Ltd., a Texas limited partnership whose general partner is 133 Community Road GP, Inc. which is managed by Dan Dodson. Tejas Engineering Management LLC serves as a fee developer for the project. Mostyn Springs includes a total of 134 acres. Mostyn Springs, Sections 1-2 are fully developed and include approximately 50 acres and 460 “50-foot lots and 40-foot lots.” All of the lots in Sections 1-2 were sold to either Gehan Homes or Century Communities who marketed homes in the $180,000 to $240,000 price range. Ridgewood Development Corp. acquired the remaining acreage to develop future sections of Mostyn Springs. Section 3 (83 acres, 256 lots) has been developed, and homes in this section are currently being constructed by DSLD Homes and Brightland Homes and marketed in the $290,000 - $300,000 price range.

As of June 1, 2026, development in Mostyn Springs, Sections 1-3 included 354 completed homes, 10 homes under construction, and 96 vacant developed lots.

Quadvest, Inc. (a private water company) has entered into agreements to provide water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 134 acres in Mostyn Springs. Homeowners in Mostyn Springs pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Mostyn Springs is approximately $142.00.

- Lakes at Black Oak Subdivision -

The developer of Lakes at Black Oak is 150 CCM Black Oak, Ltd. whose general partner is 150 Black Oak G.P., Inc. Lakes at Black Oak includes a total of 167 acres developed exclusively for single family residential development. As of June 1, 2026, Sections

1-4 were completely developed. Rausch Coleman Homes, Century Homes and Davidson Homes have constructed 593 completed homes, 69 homes are under construction and there are 41 vacant developed lots. Homes are being marketed in the $285,000 - $335,000 price range.

150 CCM Black Oak, Ltd. has made arrangements with Aqua Texas, Inc. (a private water company) who in turn has entered into an agreement with the District for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 165-acre Lakes at Black Oak subdivision. Homeowners in Lakes at Black Oak will pay their monthly water and sewer bills directly to Aqua Texas, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Aqua Texas, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Lakes at Black Oak is approximately $142.00.

- Alset Villas Subdivision -

The developer of Alset Villas (previously known as Brandy Villas) is Alset Ehome Inc., whose general partner is 150 Black Oak G.P., Inc. Alset Villas includes a total of 20 acres developed exclusively for single family residential development. As of June 1, 2026, 63 single family residential lots were completely developed. Century Homes is currently in its homebuilding phase and as of June 1, 2026, home building development included 4 completed homes, 35 homes under construction, and 24 vacant developed lots and homes are being marketed in the $285,000 - $335,000 price range.

150 CCM Black Oak, Ltd. has made arrangements with Aqua Texas, Inc. (a private water company) who in turn has entered into an agreement with the District for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 165-acre Lakes at Black Oak subdivision. Homeowners in Lakes at Black Oak will pay their monthly water and sewer bills directly to Aqua Texas, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Aqua Texas, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Lakes at Black Oak is approximately $142.00.

- Enclave at Dobbin Subdivision -

The developer of Enclave at Dobbin is Riverwood Development, Inc., a Texas Corporation whose president is Elliot Jacobs; Tejas Engineering Management LLC serves as a fee developer for the project. Enclave at Dobbin includes a total of 73 acres. The land development work in Enclave at Dobbin, Sections 1-3 is complete and as of June 1, 2026, homebuilding development in Enclave at Dobbin included 395 completed homes, 0 homes under construction, and 0 vacant developed lots. All of the homes in this subdivision have been constructed by Value Builders, DR Horton and Saratoga Homes. Homes have been marketed in $300,000 price range.

Riverwood Development, Inc. has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 73 acres in Enclave at Dobbin. Homeowners in Enclave at Dobbin pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Enclave at Dobbin is approximately $142.00.

- Mill Creek North Subdivision -

The developer of Mill Creek North is 282 Mill Creek Farm, Ltd., a Texas limited partnership whose general partner is Toprak, Inc. and whose president is Ahmet Ozan. Tejas Engineering Management LLC serves as a fee developer for the project. Mill Creek North includes a total of 68 acres. Mill Creek North, Sections 1-3 are fully developed and as of June 1, 2026, home building development included 256 completed homes, 0 homes under construction, and 1 vacant developed lots. The homes in this subdivision have been constructed by Colina Homes, Devon Street Homes, and Davidson Homes; such homes have been marketed in the $275,000 - $295,000 price range.

282 Mill Creek Farms, Ltd has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build- out of the 68 acres in Mill Creek North. Homeowners in Mill Creek North pay their monthly water and sewer bills directly to Quadvest, Inc. (therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Mill Creek North is approximately $142.00.

- Mill Creek South Subdivision -

The developer of Mill Creek South is Mill Creek South Development Ltd., a Texas limited partnership whose general partner is Toprak, Inc. whose president is Ahmet Ozan. Tejas Engineering Management LLC serves as a fee developer for the project. Mill Creek South includes a total of 48 acres. The land within Mill Creek South, Sections 1 & 2 are fully developed; as of June 1, 2026, home building development in Mill Creek South, included 183 completed homes, 0 homes under construction, and 0 vacant developed lots. All of the homes in Mill Creek South have been constructed by Colina Homes, Smith Douglas Homes and Devon Street Homes; such homes have been marketed in the $275,000 - $295,000 price range.

Mill Creek South Development Ltd. has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 48 acres in

Mill Creek South. Homeowners in Mill Creek South pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Mill Creek South is approximately $142.00.

- Rosehill Meadow Subdivision -

The developer of Rosehill Meadow is Decker Prairie Rosehill Development, Ltd, a Texas limited partnership whose general partner is Decker Prairie Rosehill GP, Inc. Tejas Engineering Management LLC serves as a fee developer for the project. Rosehill Meadow includes a total of 51 acres and 240 lots. As of June 1, 2026, there were 240 completed homes, 0 homes under construction, and 0 vacant developed lots. Homes in the subdivision have been marketed in the $295,000 - $305,000 price range.

The general partner has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment capacity that is adequate to serve the full build-out of the 51 acres. It is currently anticipated that monthly water and sewer bill for a 9,000 gallon per month water user in Rosehill Meadow will be approximately $142.00.

- Creekside Court Subdivision -

The developer of Creekside Court is Creekside Court Development LP, a Texas limited partnership whose general partner is Creekside Court, LLC which is managed by Jose A. Betancourt. Creekside Court includes a total of 20 acres. Creekside Court is fully developed and includes approximately 97 lots. The home building in Creekside Court began in December 2021. All of the lots in Creekside Court were sold to KB Home; homes were marketed in the $270,000 - $305,000 price range.

Creekside Court Development LP has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 20 acres in Creekside Court. Homeowners in Creekside Court pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Creekside Court will be approximately $142.00.

- Flagstone Subdivision -

The developer of Flagstone is Humble Joint Venture 1, LLC, a Texas limited liability corporation; Pelagic Property Group, LLC serves as the manager of the developer and Darren Ward serves as the President of the manager. Tejas Engineering Management LLC serves as a fee developer for the project. The Flagstone subdivision includes a total of 101 acres. Land development work in Sections 1-3 has been completed. As of June 1, 2026, Sections 1 – 4 included approximately 303 completed homes, 20 homes under construction and 111 vacant developed lots. Homes in Section 1 were constructed by KB Home and marketed in the $220,000-$250,000 price range. Homes in Sections 2-4 are being constructed by Lennar Homes; such homes are being marketed in the $260,000 - $270,000 price range.

Humble Joint Venture 1, LLC has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build- out of the 99 acres in Flagstone. Homeowners in Flagstone will pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Flagstone is anticipated to be approximately $142.00.

- Marie Village Subdivision -

The developer of Marie Village, Sections 1 & 2 (approximately 52 acres) is Ellison Collections, LLC. As of June 1, 2026, Marie Village included approximately 438 completed homes, 0 homes under construction and 0 vacant developed lots. Homes in this subdivision have been constructed by ASGI Homes and have been marketed in the $150,000 - $190,000 price range.

Ellison Collections, LLC has negotiated an arrangement with C & R Water Supply, Inc., (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 54 acres in Marie Village. Homeowners in Marie Village pay their monthly water and sewer bills directly to C & R Water Supply, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to C & R Water Supply, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Marie Village will be approximately $142.00.

- Williams Reserve East Subdivision -

Ellison Collections, LLC is the developer in the 113-acre Williams Reserve East subdivision (100 lots – on approximately 53 acres). All of the lots in the section have been sold to DR Horton, who is marketing homes in the $290,000 - $430,000 price range. As of June 1, 2026, there were 42 completed homes, 7 homes under construction and 48 vacant developed lots in Williams Reserve East.

Ellison Collections, LLC has negotiated an arrangement with the City of Cut and Shoot for the provision of water supply capacity that is adequate to serve the full build-out of the 113 acres in Williams Reserve East. Wastewater is treated via an aerobic septic system with spray field for each of the homes that sit on approximately 1 acre lots. Homeowners in Williams Reserve East pay their monthly water bill directly to Cut and Shoot. (Therefore, the District does not receive any water or sewer revenues to pay for District

operating costs.) According to the Cut and Shoot rate order, the average monthly water bill for a 9,000 gallon per month water user in Williams Reserve East is approximately $75.00.

- Oakwood Subdivision -

The developer of Oakwood is KB Home Lone Star Inc. The land development in the 110 acres was completed in March 2024 and home building began shortly after. KB is presently marketing homes in the $220,000 - $370,000 price range. As of June 1, 2026, there were 314 completed homes, 53 homes under construction and 85 vacant developed lots in Oakwood.

KB Home Lone Star Inc. has negotiated an arrangement with HMW SUD (a public entity organized under Chapters 49 and 65 of the Water Code) for the provision of water supply capacity and an agreement with Quadvest, Inc. (a private water/sewer company) for the provision of wastewater treatment plant capacity that is adequate to serve the full build-out of the 59 acres in Oakwood. Homeowners in Oakwood pay their monthly water bills directly to HMW SUD. The District has engaged Municipal Operations and Consulting ("MoC") to operate the wastewater collection system and to bill the residents for wastewater services provided to the residents of the Oakwood subdivision. The wastewater treatment facility is owned by Quadvest, Inc. According to HMW SUD and MoC, the average monthly water and sewer bill for a 9,000 gallon per month water user in Oakwood is approximately $142.00.

- Enclave at Lexington Woods Subdivision -

Houston LD, LLC was the developer in the 34-acre Enclave at Lexington Woods subdivision. All of the lots in the section were sold to an affiliated company, i.e. Rausch Coleman Homes, who marketed homes in the $250,000 - $265,000 price range. As of June 1, 2026, there were 121 completed homes, 0 homes under construction and 0 vacant developed lots in the subdivision.

On February 10, 2025, Houston LD, LLC was sold to Millrose Properties of Texas, LLC ("Millrose") including all rights associated with the land in Moore Landing. Millrose is a parent company to Houston LD, LLC. Houston LD, LLC remains the record owner of the land but future development will be conducted by Lennar Homes of Texas Land and Construction, Ltd DBA Friendswood Development Company ("Lennar") under a construction agreement between Millrose and Lennar whereas Lennar became the rightful owner and recipient of all future MUD receivables. All homesites in Moore Landing are under an option agreement between Millrose and Lennar to purchase finished homesites and build homes through buildout of the community.

Houston LD, LLC negotiated an arrangement with NextEra Water Texas, LLC for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 34 acres in Enclave at Lexington Woods. Homeowners in Enclave at Lexington Woods pay their monthly water and sewer bills directly to NextEra Water Texas LLC. According to NextEra Water Texas LLC, the average monthly water and sewer bill for a 9,000 gallon per month water user in Enclave at Lexington Woods will be approximately $142.00.

- Colony at Pinehurst Subdivision -

HMH Stratford Pinehurst JV, LLC is the land developer/homebuilder in the 126-acre (439 lots) Colony at Pinehurst subdivision. All the lots in Sections, 1-6 (439 lots on approximately 126 acres) have been sold to History Maker Homes (which is an affiliated company of HMH Stratford Pinehurst JV, LLC) and Brightland Homes. The homebuilders in this section are currently marketing homes in the $300,000 price range. As of June 1, 2026, there were 184 completed homes, 10 homes under construction, and 245 vacant developed lots in the subdivision.

HMH Stratford Pinehurst JV, LLC has negotiated an arrangement with Quadvest, Inc. for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 126 acres in Colony at Pinehurst. Homeowners in Colony at Pinehurst pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Colony at Pinehurst will be approximately $142.00.

- Binford Creek Subdivision -

Houston LD, LLC was the original developer of Binford Creek; the current developer is Lennar of Texas Land & Construction Ltd. ("Lennar"). Binford Creek is currently planned to include 708 single family lots at buildout. The land development work in Sections 1 & 2 (275 lots – on approximately 86 acres) is completed and as of June 1, 2026, Sections 1-3 included 331 completed homes, 28 homes under construction and 125 vacant developed lots. Homes in these sections are being marketed in the $250,000 price range.

On February 10, 2025, Houston LD, LLC was sold to Millrose Properties of Texas, LLC ("Millrose") including all rights associated with the land in Binford Creek. Millrose is a parent company to Houston LD, LLC. Houston LD, LLC remains the record owner of the land but future development will be conducted by Lennar Homes of Texas Land and Construction, Ltd DBA Friendswood Development Company ("Lennar") under a construction agreement between Millrose and Lennar whereas Lennar became the rightful owner and recipient of all future MUD receivables. All homesites in Binford Creek are under an option agreement between Millrose and Lennar to purchase finished homesites and build homes through buildout of the community.

Houston LD, LLC negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 185 acres in Binford Creek.

Homeowners in Binford Creek pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Binford is approximately $142.00.

- Moore Landing Subdivision -

Houston LD, LLC was the original developer of Moore Landing, which is currently planned to include 831 single family lots at buildout. The land development work in Sections 1 & 2 (277 lots – on approximately 181 acres) was recently completed.

On February 10, 2025, Houston LD, LLC was sold to Millrose Properties of Texas, LLC ("Millrose") including all rights associated with the land in Moore Landing. Millrose is a parent company to Houston LD, LLC. Houston LD, LLC remains the record owner of the land but future development will be conducted by Lennar Homes of Texas Land and Construction, Ltd DBA Friendswood Development Company ("Lennar") under a construction agreement between Millrose and Lennar whereas Lennar became the rightful owner and recipient of all future MUD receivables. All homesites in Moore Landing are under an option agreement between Millrose and Lennar to purchase finished homesites and build homes through buildout of the community.

As of June 1, 2026, there were 218 completed homes, 10 homes under construction and 49 vacant developed lots in the subdivision. Homes have been marketed in the $275,000 price range.

Houston LD, LLC negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 181 acres in Moore Landing. Homeowners in Moore Landing pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Moore Landing is approximately $142.00.

- Trails at Cochran Ranch Subdivision -

The Trails of Cochran Ranch is currently being developed by Fastboy Cochran Road, LLC. All of the lots are under contract to Lennar Homes and LGI Homes. As of June 1, 2026, there are 168 completed homes, 21 homes under construction and 112 vacant developed lots.

Fastboy Cochran Road, LLC has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 141 acres in Trails at Cochran Ranch. Homeowners in Trails at Cochran Ranch will pay their monthly water and sewer bills directly to Quadvest, Inc. According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Trails at Cochran Ranch will be approximately $142.00.

- William Trails Subdivision -

Ellison Collections, LLC currently plans to develop this acreage into a subdivision that will ultimately contain approximately 592 single family lots to be located on approximately 105 acres. Section 1 (142 lots on approximately 26 acres), Section 2 (260 lots on approximately 50 acres) and Section 4 (29 lots on approximately 4 acres) is currently developed. The homebuilder in this community is DR Horton. As of June 1, 2026, homebuilding presently includes 169 completed homes, 0 homes under construction, and 262 vacant developed lots. According to Ellison Collections, LLC, homes in this section are currently being marketed in the $175,000 price range.

Ellison Collections, LLC has negotiated an arrangement with Texas Water Utilities, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 105 acres in William Trails. Homeowners in William Trails pay their monthly water and sewer bills directly to Texas Water Utilities, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Texas Water Utilities, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in William Trails is approximately $160.00.

- Bauer Meadows Subdivision -

Bauer Meadows is currently being developed by KB Home Lone Star Inc. It is currently anticipated that the subdivision will ultimately include approximately 49 acres at buildout. Homebuilding in Sections 1 & 2 presently includes 185 completed homes, 30 homes under construction and 3 vacant developed lots; KB Home is currently marketing homes in the $210,000 - $290,000 price range.

KB Home Lone Star Inc. has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 49 acres in Bauer Meadows. Homeowners in Bauer Meadows will pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 9,000 gallon per month water user in Bauer Meadows is anticipated to be approximately $142.00.

- Lake Conroe Cove Subdivision -

Ellison Collections, LLC has substantially completed the land development of the 12 acres, 77 lots subdivision known as Lake Conroe Cove. DR Horton is the primary homebuilder in this community. As of June 1, 2026, homebuilding consisted of 11 completed homes, 0 homes under construction and 66 vacant developed lots.

Ellison Collections, LLC has negotiated an arrangement with Capri Isle Water System (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the approximately 12 acres in Lake Conroe Cove Homeowners in Lake Conroe Cove pay their monthly water and sewer bills directly to Capri Isle Water System (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Capri Isle Water System, the average monthly water and sewer bill for a 10,000 gallon per month water user in Lake Conroe Cove will be approximately $134.00.

- Baron Village Subdivision -

Ellison Collections, LLC is developing Baron Village, which will ultimately consist of 557 lots on 66 acres at full buildout. DR Horton is the primary homebuilder in this community. As of June 1, 2026, homebuilding consisted of 6 completed homes, 9 homes under construction and 192 vacant developed lots.

Ellison Collections, LLC has negotiated an arrangement with C&R Water Supply (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the approximately 66 acres in Baron Village to pay their monthly water and sewer bills directly to C&R Water Supply (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to C&R Water Supply, the average monthly water and sewer bill for a 2,472 gallon per month water user in Baron Village will be approximately $140.00.

- Sunset Valley Subdivision -

DR Horton Homes is the developer of 82 acres annexed into the District in December 2023. DR Horton is the sole developer and sole homebuilder in the community with plans to ultimately develop 738 lots. As of June 1, 2026, homebuilding consisted of 118 completed homes, 30 homes under construction and 73 vacant developed lots.

DR Horton Homes has negotiated an arrangement with Quadvest, Inc. (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the approximately 82 acres in Sunset Valley to pay their monthly water and sewer bills directly to Quadvest, Inc. (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Quadvest, Inc., the average monthly water and sewer bill for a 10,000 gallon per month water user in Sunset Valley will be approximately $150.00.

- Copia Pines Subdivision –

Copia Pines Development, LLC ("Copia Development") plans to develop Copia Pines into a 63-acre, 213+/- lot subdivision. Land development is currently underway and as of June 1, 2026, homebuilding consisted of 2 completed homes, 9 homes under construction and 98 vacant developed lots. Beazer Homes is the sole homebuilder in Copia Pines.

Copia Development has negotiated an arrangement with Keenan Water Supply (a private water company) for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the approximately 63 acres in Copia Pines to pay their monthly water and sewer bills directly to Keenan Water Supply (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to Keenan Water Supply, the average monthly water and sewer bill for a 9,000 gallon per month water user in Copia Pines will be approximately $180.00. Copia Development has entered into a wastewater treatment supply agreement with the Texas Water Utilities, LP for purposes or providing wastewater treatment capacity capable of serving the buildout of the Copia Pines subdivision.

- Enclave at Willis Subdivision -

Enclave at Willis is currently being developed by Enclave at Willis, Ltd. It is currently anticipated that the subdivision will ultimately include approximately 66 acres at buildout. Section 1 (40 acres and 126 lots) is currently fully developed. As of June 1, 2026, Smith Douglass Homes and Colina Homes have begun home construction in the subdivision. As of June 1, 2026, there were 25 completed homes, 10 homes under construction and 91 vacant developed lots; Smith Douglass Homes and Colina Homes are currently marketing homes in the $330,000 price range.

Enclave at Willis, Ltd. has negotiated an arrangement with The City of Willis for the provision of water supply capacity and wastewater treatment plant capacity that is adequate to serve the full build-out of the 66 acres in the Enclave at Willis subdivision. Homeowners in Enclave at Willis will pay their monthly water and sewer bills directly to the City of Willis (Therefore, the District does not receive any water or sewer revenues to pay for District operating costs.) According to the City of Willis, the average monthly water and sewer bill for a 9,000 gallon per month water user in Enclave at Willis is anticipated to be approximately $114.00.

The Defined Area

The District created a defined area ("Defined Area No. 1") by order dated August 10, 2020. Defined Area No. 1 encompasses approximately 205 acres, and includes portions of the Mill Creek North and Mill Creek South subdivisions, as well as the entirety of the Creekside Court and Flagstone subdivisions. The District held a bond and maintenance tax election in Defined Area No. 1 on November 3, 2020, at which election the voters within Defined Area No. 1 approved unlimited tax bonds for various purposes, as well as maintenance taxes. See "RISK FACTORS – Future Debt," and "THE BONDS – Issuance of Additional Debt." Defined area bonds are payable solely from taxes levied against taxable property within such defined area. The District has not issued any bonds for Defined Area No. 1 at this time. In 2025, the District levied a maintenance tax of $0.25 for the Defined Area No. 1 only. Below is a summary of Defined Area No. 1:

Approximate Acreage	205	
Date Created	08/10/2020	
Defined Area Bonds Currently Outstanding	None	
2025 District Tax Rate	$1.23 per $100	
2025 Defined Area Tax Rate	$0.25 per $100	
Remaining New Money Bonds Authorized	$28,000,000	(a)

(a) Consists of bonds for water, sewer, drainage, roads and parks and recreational facilities. See "THE BONDS – Issuance of Additional Debt."

GENERAL FUND FINANCIAL RESULTS

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The principal source of District revenues for operations and maintenance purposes is ad valorem taxes. It should be noted that the homebuilding development in the District is currently served by private utility companies or other entities that bill the District's residents directly for water and sewer service. The District does not currently receive any water and sewer revenues and it is not contemplated that the District will receive water and sewer revenues in the future.

The information included in the table below relating to the District's operations is provided for information purposes only.

	Fiscal Year Ended December 31 (a)				
	2025	**2024**	**2023**	**2022**	**2021**
Revenues					
Property Taxes	$4,096,279	$2,386,027	$1,657,004	$1,209,932	$777,993
Wastewater Service	$188,492	$102,367	$5,408	-	-
Penalty and Interest	$3,240	$4,044	-	-	-
Inspection Fees	$19,665	$24,190	$13,120	-	-
Investment Revenues	$190,804	$128,493	$88,153	$15,039	$243
Miscellaneous Revenues	$109,028	$56,728	$100,100	$139,533	$98,974
TOTAL REVENUES	**$4,607,508**	**$2,701,849**	**$1,863,785**	**$1,364,504**	**$877,210**
Expenditures					
Administrative:					
Professional Fees	$639,486	$446,168	$389,846	$334,370	$350,070
Contracted Services	$313,082	$326,204	$372,093	$353,763	$219,346
Utilities	$295,745	$151,826	$48,954	$65,824	$32,953
Repairs and Maintenance	$1,168,360				
Other	$58,134	$762,393	$268,898	$132,319	$73,692
Capital Outlay	$34,678	$0	-	$10,000	-
Payment to Escrow	-	$601,921	-	-	-
TOTAL EXPENDITURES	**$2,509,485**	**$2,288,512**	**$1,079,791**	**$896,276**	**$676,061**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$2,098,023**	**$413,337**	**$783,994**	**$468,228**	**$201,149**
OTHER FINANCING SOURCES (USES)					
Developer contributions	-	-	-	-	$1,481
NET CHANGE IN FUND BALANCE	**$2,098,023**	**$413,337**	**$783,994**	**$468,228**	**$202,630**
BEGINNING FUND BALANCE	**$2,010,219**	**$1,596,882**	**$812,888**	**$344,660**	**$142,030**
ENDING FUND BALANCE (b)	**$4,108,242**	**$2,010,219**	**$1,596,882**	**$812,888**	**$344,660**

(a) Data is taken from District's 2025 audited financial statements. See "APPENDIX A."

(b) As of May 19, 2026, the District's General Fund had an unaudited cash and investment balance of approximately $8,904,296. For the 2026 Fiscal Year ending December 31, 2026, the District is projecting General Fund revenues of approximately $6,893,700 and expenditures of approximately $3,269,000.

SYSTEMS SERVING THE DISTRICT

Regulation

According to the Engineer, the existing water, sewer, and drainage systems serving the currently developed and developing areas in the District have sufficient capacity to support such development and have been designed in accordance with accepted engineering practices and requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, Houston, Tomball, Conroe, Cut and Shoot, Willis, Harris County, Montgomery County, Waller County and Liberty County. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies, and construction has been inspected by appropriate agencies.

The land within several of the residential subdivisions (described in "Subdivisions with Homebuilding Development") are completely developed and are served with water, sewer, and drainage facilities, and all road facilities. Depending upon the location of the subdivisions the road facilities will be operated and maintained by Montgomery County, Harris County, Liberty County or Waller County.

Roadways

The roadways previously financed by the District and the roadways being financed with Bond proceeds will be maintained by Montgomery County, Harris County, Waller County and Liberty County (depending upon the location of the project) after the completion of the warranty period on each of the respective roadway facilities.

Water Supply

The water supply facilities serving the Mostyn Springs; Rosehill Meadow; Bauer Meadows; Trails at Cochran Ranch; Colony at Pinehurst; Binford Creek; Enclave at Dobbin; Mill Creek South; Mill Creek North; Flagstone; Moore Landing and Creekside Court are provided by Quadvest, Inc. (a private water company) that has provided a commitment to service the full build-out of the subdivision. Each of the respective developers have paid for the construction of the water distribution facilities that are serving their respective subdivisions.

Aqua Texas, Inc. (a private water company) has entered into an agreement to provide water supply capacity adequate to serve the full build-out of the Lakes at Black Oak subdivision. The developer of the Lakes at Black Oak subdivision has paid for the construction of the water distribution facilities that are serving the Lakes at Black Oak subdivision.

C&R Water Supply, Inc. (a private water company) has entered into an agreement to provide water supply capacity adequate to serve the full build-out of the Marie Village subdivision and the Saddle Village subdivision. The developer of the Marie Village subdivision has paid for the construction of the water distribution facilities that are serving the Marie Village subdivision.

HMW SUD (a public entity organized under Chapters 49 and 65 of the Water Code) has entered into an agreement to supply water supply capacity adequate to service the full build-out of the Oakwood subdivision and the Coe Ranch subdivision. The developer of each of the respective subdivisions has paid for the construction of the water distribution facilities that are serving each subdivision.

NextEra Water Texas, LLC (a private water company) has entered into an agreement to provide water supply capacity adequate to serve the full build-out of the Enclave at Lexington Woods subdivision. The developer of the Enclave at Lexington Woods subdivision has paid for the construction of the water distribution facilities that are serving the Enclave at Lexington Woods subdivision.

Texas Water Utilities, Inc. has entered into an agreement to provide water supply capacity adequate to serve the full build-out of the William Trails subdivision. The developer of the William Trails subdivision has paid for the construction of the water distribution facilities that are serving the William Trails subdivision.

The developer of the Williams Reserve East subdivision has entered into a water supply contract agreement with the City of Cut and Shoot for purposes or providing water supply facilities capable of serving the buildout of the Williams Reserve East subdivision.

The developer of the Copia Pines subdivision has entered into a water supply contract agreement with the Keenan Water Supply Company for purposes or providing water supply facilities capable of serving the buildout of the Copia Pines subdivision.

The developer of the Enclave at Willis subdivision has entered into a water supply contract agreement with the City of Willis for purposes of providing water supply facilities capable of serving the buildout of the Enclave at Willis subdivision.

It is currently anticipated that in the future developers in the District will have to make arrangements with a private water company to provide adequate water supply plant capacity to serve each respective subdivision. Furthermore, it is anticipated that each developer will advance the necessary funds to pay for the construction of the water distribution systems serving each of their respective subdivisions.

Wastewater Treatment

The wastewater treatment facilities serving Mostyn Springs; Lakes at Black Oak; Enclave at Dobbin; Bauer Meadows; Trails at Cochran Ranch; Colony at Pinehurst; Binford Creek; Mill Creek South; Mill Creek North; Flagstone; Creekside Court; Oakwood, Moore Landing; and Rosehill Meadow are or will be provided by Quadvest, Inc. (a private water company) that has provided a commitment to service the full build-out of each of the respective residential subdivisions that are currently under development. Each of the residential developers has paid for the construction of the wastewater collection facilities that are serving their respective subdivisions.

The wastewater treatment facilities serving the Lakes at Black Oak subdivision are provided by Aqua Texas, Inc. (a private water company). Aqua Texas, Inc. has entered into an agreement to provide wastewater treatment capacity adequate to serve the full build-out of the Lakes at Black Oak subdivision. The developer of the Lakes at Black Oak subdivision has paid for the construction of the wastewater collection facilities that are serving Lakes at Black Oak, Section 1.

The wastewater treatment facilities serving the Marie Village subdivision are provided by C&R Water Supply, Inc. (a private water company). C&R Water Supply, Inc. has entered into an agreement to provide wastewater treatment capacity adequate to serve the full build-out of the Marie Village subdivision and the Saddle Village subdivision. Ellison Collections, Ltd. has paid for the construction of the wastewater collection facilities that are serving the Marie Village subdivision and the Saddle Village subdivision.

The wastewater treatment facilities serving the Enclave at Lexington Woods subdivision are provided by NextEra Water Texas, LLC (a private water company) has entered into an agreement to provide wastewater treatment capacity adequate to serve the full build-out of the Enclave at Lexington Woods subdivision. The developer of the Enclave at Lexington Woods subdivision has paid for the construction of the wastewater collection facilities that are serving Enclave at Lexington Woods subdivision.

The developer of the Enclave at Willis subdivision has entered into a wastewater treatment supply agreement with the City of Willis for purposes or providing wastewater treatment capacity capable of serving the buildout of the Enclave at Willis subdivision.

The developer of the Copia Pines subdivision has entered into a wastewater treatment supply agreement with the Texas Water Utilities, LP for purposes or providing wastewater treatment capacity capable of serving the buildout of the Copia Pines subdivision.

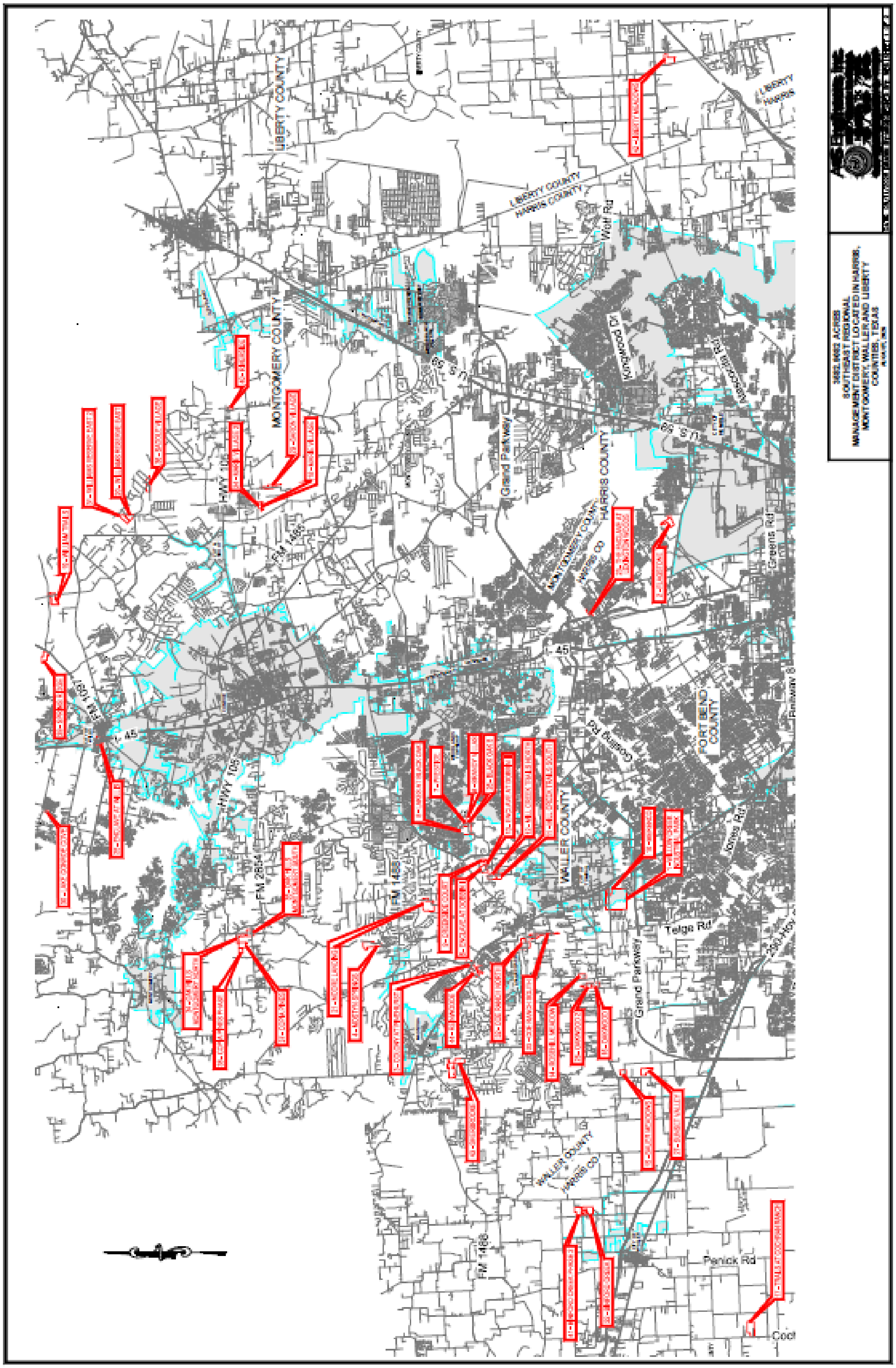
100-Year Flood Plain

Some limited areas in the District lie within the current FEMA 100-year flood zone. These areas will be utilized for detention ponds, drainage channels, and green space.

Drainage System

The underground storm sewer facilities, detention ponds, and other drainage facilities serving development in the District have been paid for by each of the respective developers in the District. Subject to the rules of the TCEQ, the developers may be reimbursed from proceeds of future District bond sales for a portion of the cost of such underground drainage facilities. The District is responsible for maintaining the drainage facilities of the District.

MAP SHOWING SUBDIVISIONS IN THE DISTRICT



MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board") which has control over and management supervision of all of the affairs of the District. Directors serve staggered four-year terms, and are appointed by the TCEQ based upon nominations by the Board. All of the Directors are qualified to serve as directors of the District. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title
Kendrick A. James	President
Travis Heuszel	Director
Jim Cartwright	Secretary
Mehmet Okumus	Assistant Secretary
Vicki Clark	Director

The District has contracted for bookkeeping, tax assessing and collecting services and annual auditing of its books as follows:

General Manager - The District's General Manager is EverNorth Management.

Tax Assessor/Collector - The District's Tax Assessor/Collector is Utility Tax Service, LLC, who is employed under an annual contract and represents approximately 210 other utility districts.

Bookkeeper - The District's Bookkeeper is District Data Services, Inc., which acts as bookkeeper for more than 100 other special districts.

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. The District's annual financial statements as of December 31, 2025, have been prepared by McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT."

Water Sewer Utility System Providers – As noted elsewhere in this document each of the residential subdivisions in the District is responsible for making arrangements for adequate water supply capacity and wastewater treatment capacity in order to serve each of the respective subdivisions. Each of the respective residential developers is responsible for construction of the water distribution, wastewater collection, and storm drainage facilities to serve their respective subdivisions. To date, each of the developers of the subdivisions under development have made arrangements with Quadvest, Inc., Aqua Texas, Inc, Texas Water Utilities, Inc., Keenan Water Supply Corporation, NextEra Water (four private water companies), CNR Water Supply, Inc., HMW SUD, Capri Isle Water Systems, the City of Willis, or Cut and Shoot for water supply capacity and wastewater treatment plant capacity adequate to serve the build-out of their respective subdivisions.

Engineer - The consulting engineer for the District is Tejas Engineering Management, L.L.C. (the "Engineer").

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

Bond Counsel – Sanford Kuhl Hagan Kugle Parker Kahn LLP serves as Bond Counsel to the District and as General Counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT DEBT

5/15/2026 Estimated Taxable Valuation	$1,393,308,407	(a)
2025 Certified Taxable Valuation	$923,147,345	(b)
Direct Debt		
Outstanding Bonds (As of November 1, 2026)	$142,040,000	(c)
The Bonds	$28,925,000	
Total Direct Debt	$170,965,000	
Estimated Overlapping Debt	$48,582,409	
Direct and Estimated Overlapping Debt	$219,547,409	
Percentage of Direct Debt to:		
5/15/2026 Estimated Taxable Valuation	12.27%	
2025 Certified Taxable Valuation	18.52%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
5/15/2026 Estimated Taxable Valuation	15.76%	
2025 Certified Taxable Valuation	23.78%	
See “DISTRICT DEBT”		
2025 Tax Rate Per $100 of Assessed Value		
Utility Debt Service Tax	$0.00	(d)
Road Debt Service Tax	$0.55	
Maintenance Tax	$0.68	
Total 2025 Tax Rate	$1.23	

(a) Reflects data supplied by HCAD, MCAD and WCAD. The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Harris County was prepared by HCAD and provided to the District. The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Montgomery County was prepared by MCAD and provided to the District. The Estimated Taxable Value as of 5/15/2026 for the portion of the District located in Waller County was prepared by WCAD and provided to the District. Such values are not binding on the Appraisal Districts and are provided for informational purposes only. The District is authorized by law to only levy taxes against certified values. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(b) The figure above represents the January 1, 2025 Certified Values as provided by MCAD ($624,076,280), HCAD ($282,794,086) and WCAD ($16,276,979).

(c) Includes the District’s pending $32,485,000 Unlimited Tax Bonds, Series 2026 scheduled to close October 15, 2026. The District’s Series 2019, 2021 and 2021A Bonds were issued by the District under the District’s prior name of Harris Montgomery Counties Management District.

(d) The District intends to levy a utility debt service tax rate for 2026.

Estimated Overlapping Debt

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

	Outstanding Debt	Overlapping Debt	
Taxing Jurisdiction	**As of June 30, 2026**	**Overlapping %**	**Amount**
City of Tomball	$89,970,000	0.25%	$227,229
Tomball Independent School District	$1,053,680,000	1.53%	$16,135,580
Harris County	$2,473,177,553	0.04%	$1,016,241
Harris County Flood Control District	$937,165,000	0.04%	$393,261
Port of Houston Authority	$386,074,397	0.04%	$162,039
Harris County Hospital District	$1,644,825,000	0.05%	$742,278
Harris County Department of Education	$28,960,000	0.04%	$11,895
Aldine Independent School District	$1,439,500,000	0.90%	$12,927,636
Lone Star College System	$342,055,000	0.27%	$915,371
Montgomery County	$535,450,000	0.57%	$3,059,364
Magnolia Independent School District	$250,580,000	5.18%	$12,991,516
Total Overlapping Debt			**$48,582,409**
The District (a)			$170,965,000
Total Direct and Estimated Overlapping Debt			**$219,547,409**

(a) Includes the Outstanding Bonds (including the $32,485,000 Unlimited Tax Bonds, Series 2026, which are scheduled to close on October 15, 2026), and the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experienced in the District for the years 2021 through 2025. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Tax Year	Taxable Valuation	Tax Rate (a)	Tax Levy	Cumulative Tax Collections (b)	Tax Year Ended September 30
2025	$923,147,345	$1.23	$11,624,569	95.05%	2026
2024	$606,987,211	$1.23	$7,465,943	99.64%	2025
2023	$376,785,511	$1.23	$4,634,462	96.90%	2024
2022	$207,016,259	$1.25	$2,587,703	99.88%	2023
2021	$121,060,185	$1.25	$1,513,252	100.00%	2022

(a) See “Tax Rate Distribution” herein.

(b) Represents cumulative tax collections as of Jully 31, 2026.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters have authorized an unlimited operations and maintenance tax at an election held on May 7, 2016. See “– Tax Rate Distribution” herein.”

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2021 through 2025.

	2025	2024	2023	2022	2021
Utility Debt Service (a)	$0.00	$0.00	$0.00	$0.00	$0.00
Road Debt Service	$0.55	$0.55	$0.55	$0.45	$0.25
Maintenance/Operation	$0.68	$0.68	$0.68	$0.80	$1.00
Total	**$1.23**	**$1.23**	**$1.23**	**$1.25**	**$1.25**

(a) The District intends to levy a utility debt service tax rate for 2026.

Additional Penalties

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

2025 Principal Taxpayers

The list of principal taxpayers based on the 2025 tax roll and the other information provided by this table were provided by HCAD and MCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation.

Property Owner	Property Description	Property Value	% of Total
Houston LD LLC	Land, Improvements, Personal Property	$8,048,579	0.87%
Castlerock Communities LLC (a)	Land and Improvements	$6,096,399	0.66%
KB Home Lone Star Inc. (a)	Land, Improvements, Personal Property	$5,282,610	0.57%
Century Land Holdings of Texas Inc (a)	Land and Improvements	$4,312,627	0.47%
DSLD Homes Southwest LLC	Land and Improvements	$4,132,381	0.45%
Bear Cave Holdings LLC	Land and Improvements	$3,868,884	0.42%
Infra Houston Partnership LP	Land and Improvements	$3,693,059	0.40%
DSLD Homes LLC	Land and Improvements	$3,525,761	0.38%
North American Hogana High Alloys LLC	Land and Improvements	$3,367,542	0.36%
Mclean SFR Investment LLC	Land and Improvements	$3,126,000	0.34%
TOTAL		**$45,453,842**	**4.92%**

(a) See "THE DISTRICT – Subdivisions/Tracts Located within the District."

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2021 through 2025.

	Type of Property					
Year	Land	Improvements	Personal Property	Gross Value	Exemptions (a)	Taxable Value
2025	$228,394,047	$687,850,724	$26,588,892	$963,005,267	$39,857,922	$923,147,345
2024	$217,944,099	$404,234,304	$8,868,534	$631,865,780	$26,322,034	$604,724,903
2023	$130,876,014	$234,099,801	$7,889,965	$372,865,780	$18,919,898	$353,945,882
2022	$90,814,403	$129,076,157	$2,532,769	$222,423,329	$14,912,694	$207,510,635
2021	$85,042,065	$66,456,577	$548,052	$152,046,694	$30,986,509	$121,060,185

(a) Substantially all of the land that comprises the exemptions on the tax roll is owned by Harris County; most of such land is anticipated to be used for detention ponds and road rights-of-way.

Estimated Overlapping Taxes in Harris County

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions for those portions of the District located within Harris County. No recognition is given to local assessments for civic association dues, fire department contributions, water supply and solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates	
Harris County	$0.628928	(a)
Tomball Independent School District	$1.062900	(b)
Lone Star College System	$0.106000	
Harris County ESD No. 8	$0.099659	
Harris County ESD No. 10	$0.100000	
Overlapping Taxes	**$1.997487**	
The District (2025)	$1.230000	(c)
Total Direct & Overlapping Taxes	**$3.227487**	(d)

(a) Includes taxes levied by Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and the Harris County Department of Education.

(b) The Flagstone subdivision is located within Harris County and is located within the Aldine Independent School District. The 2025 tax rate for Aldine Independent School District is $1.034. The overlapping tax rate for the Flagstone portion of the District is $3.198587 as opposed to the $3.227487 figure noted in the table above.

(c) Approximately 101 acres are also located within Defined Area No. 1 which levied a $0.25 tax rate in 2025. It is currently anticipated that Defined Area No. 1 will levy a $0.25 tax rate for the foreseeable future.

(d) Approximately 10 acres in the District is located within the boundaries of the City of Tomball. The Direct and overlapping tax for that portion of the District is $3.909367 commercial development as opposed to the $3.227487 figure noted in the table above.

Estimated Overlapping Taxes in Montgomery County

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions for those portions of the District located within Montgomery County. No recognition is given to local assessments for civic association dues, fire department contributions, water supply and solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates	(a)
Montgomery County	$0.377000	
Montgomery County Hospital District	$0.049730	
Magnolia Independent School District	$0.958300	
Montgomery County ESD No. 10	$0.092200	
Lone Star College System	$0.106000	
Overlapping Taxes	**$1.580800**	
The District (2025)	$1.230000	(b)
Total Direct & Overlapping Taxes	**$2.810800**	

(a) Certain of the Montgomery County subdivisions are located in Conroe ISD which had a 2025 tax rate of $0.949600. The overlapping taxes for those subdivisions was $2.802100. The Enclave at Willis subdivision is also located within Willis; the overlapping tax rate for that subdivision is $3.362600.

(b) Approximately 101 acres are also located within Defined Area No. 1 which levied a $0.25 tax rate in 2024. It is currently anticipated that Defined Area No. 1 will levy a $0.25 tax rate for the foreseeable future.

Estimated Overlapping Taxes in Waller County

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions for those portions of the District located within Waller County. No recognition is given to local assessments for civic association dues, fire department contributions, water supply and solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates
Waller County	$0.532596
Waller-Harris ESD 200	$0.100000
Waller County Farm Market Road	$0.023591
Waller Independent School District	$1.062600
Overlapping Taxes	**$1.718787**
The District (2025)	$1.230000
Total Direct & Overlapping Taxes	**$2.948787**

Estimated Overlapping Taxes in Liberty County

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions for those portions of the District located within Liberty County. No recognition is given to local assessments for civic association dues, fire department contributions, water supply and solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates
Liberty County	$0.480000
Dayton Independent School District	$0.957200
Drainage District No. 1	$0.061178
Overlapping Taxes	**$1.498378**
The District (2025)	$1.230000
Total Direct & Overlapping Taxes	**$2.728378**

Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the 5/15/2026 Estimated Taxable Valuation and 2025 Certified Taxable Valuation, and utilizes a tax rate adequate to service the District's maximum annual debt service requirements after the issuance of the Bonds.

Maximum Annual Debt Service Requirements (2030)..... $11,470,830

$0.87 Tax Rate on the 5/15/2026 Estimated Taxable Valuation of $1,393,308,407
@ 95% collections produces..... $11,515,694

$1.31 Tax Rate on the 2025 Certified Taxable Valuation of $923,147,345
@ 95% collections produces..... $11,488,569

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS - Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS - Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and facilities and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA - Maintenance Tax."

Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized here. The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal

District ("HCAD"), Montgomery Central Appraisal District ("MCAD"), Waller County Appraisal District ("WCAD") and Liberty County Appraisal District ("LCAD") have the responsibility for appraising property for all taxing units within Harris County, Montgomery County, and Waller County located within the District. HCAD, MCAD, WCAD and LCAD are referred to herein as the ("Appraisal Districts"). Such appraisal values are subject to review and change by each of the Appraisal District's respective Appraisal Review Boards which are collectively referred to herein as the Appraisal Review Boards. The appraisal roll as approved by the Appraisal Review Boards must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal Districts to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; property used for affordable housing and most individually owned automobiles.

In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District is not currently granting any exemptions of the appraised value of the residence homestead of an individual who is disabled or is 65 years of age or older, pursuant to Section 11.13, Texas Tax Code. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District elected to grant a $10,000 exemption for over 65 and disabled person for the 2027 tax year. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value to the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied including the surviving spouse of a disabled veteran who would have qualified for such an exemption if such exemption had been in effect on the date the disabled veteran died. Partially disabled veterans 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 at no cost to the veteran. This exemption also applies 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, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferable 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 Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector 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. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. The Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in

any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County, Montgomery County, Waller County, Liberty County, Houston, Tomball, Conroe, Willis or Cut and Shoot may designate an area within their boundaries located in the District as a reinvestment zone. Thereafter, Houston, Conroe, Cut and Shoot, Tomball, Willis, Harris County, Montgomery County, Waller County, Liberty County or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Certain classes of disabled veterans may receive a deferral or abatement of taxes without penalty during the time he or she owns or occupies the property as their residential homestead.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Tax Code are generally to be based on 100% of market value, as such is defined in the Tax Code.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property, or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

Temporary Tax Exemption for Property Damaged by Disaster

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

Delinquent Tax Payments for Disaster Areas

Taxpayers of homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt service in the year following a disaster.

In addition, under the Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster the District may allow or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 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 (not to exceed 20%) established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount (not to exceed 20%) established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent (April 1). Similarly, a delinquent tax on real property incurs such additional penalty on July 1 of the year in which taxes become delinquent. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney not to exceed 20%. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead if the person: (1) has been granted an exemption under Section 11.13, Tax Code, (2) requests an installment agreement, and (3) 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. In addition, property owners affected by a disaster may pay property taxes in four equal installments following the disaster.

Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records. See "RISK FACTORS – Tax Collections."

Effect of FIRREA on Tax Collections

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

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property,

(ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

These provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

CONSOLIDATION

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.

THE BONDS

General

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

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

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

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

Optional Redemption

The District reserves the right to redeem, prior to maturity the Bonds maturing on or after April 1, 2032, in whole or in part from time to time, on April 1, 2031, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method. Notice of each exercise of the right of redemption will be given at least 30 days prior to the date fixed for redemption by mailing written notice by first class mail to each of the Registered Owners (the "Registered Owners") of the Bonds to be redeemed. When Bonds have been called for redemption, they will become due and payable on the redemption date.

Mandatory Redemption

The Bonds maturing April 1 in the years 2046, 2049 and 2054 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the tables below.

$2,570,000 Term Bonds, due April 1, 2046

Mandatory Redemption Date	Principal Amount
April 1, 2045	$1,250,000
April 1, 2046 (maturity)	$1,320,000

$4,420,000 Term Bonds, due April 1, 2049

Mandatory Redemption Date	Principal Amount
April 1, 2047	$1,395,000
April 1, 2048	$1,470,000
April 1, 2049 (maturity)	$1,555,000

$9,255,000 Term Bonds, due April 1, 2054

Mandatory Redemption Date	Principal Amount
April 1, 2050	$1,645,000
April 1, 2051	$1,740,000
April 1, 2052	$1,845,000
April 1, 2053	$1,955,000
April 1, 2054 (maturity)	$2,070,000

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

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

Source of and Security for Payment

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

Defeasance

The Bond Order 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 tax 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 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 or 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Funds

Accrued interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund to be used for the purpose of reimbursing the Developers for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Road Debt Service Fund. See "USE OF BOND PROCEEDS" for a more complete description of the use of the Bond proceeds.

The Bond Order confirms the District's Road Debt Service Fund, which is to be kept separate from all other funds of the District and used for payment of debt service on all bonds previously issued to fund road facilities and all bonds issued in the future to fund road facilities. Amounts on deposit in the Road Debt Service Fund may also be used to pay the fees and expenses of the Registrar. Any monies remaining in the Road Capital Projects Fund after completion of construction of the road system will be used as described in the Bond Order or ultimately transferred to the Road Debt Service Fund.

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.

Paying Agent/Registrar

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

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

Registration and Transfer

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

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the

District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. Upon the issuance of a new bond the District will require payment of taxes, governmental charges, and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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.

Issuance of Additional Debt

The District's voters have authorized the issuance of unlimited tax bonds at an election held on May 7, 2016, for various purposes as reflected in the table below:

Amount	Purpose
$200,000,000	For certain water, sanitary sewer, and storm drainage facilities
$200,000,000	For refunding water, sanitary sewer, and storm drainage facility bonds
$670,000,000	For certain road facilities
$670,000,000	For refunding road facility bonds
$80,000,000	For certain parks and recreation facilities
$80,000,000	For refunding parks and recreation facility bonds

After the issuance of the Bonds, the District will have the following amounts that remain authorized but unissued: (i) $167,515,000 of unlimited tax bonds for water, wastewater, and drainage facilities; (ii) $528,810,000 of unlimited tax bonds for road facilities; and (iii) $80,000,000 of unlimited tax bonds for parks and recreational facilities. Additional bonds issued pursuant to the May 7, 2016, election will be on a parity with the Bonds.

The voters within Defined Area No. 1 (hereinafter defined) have authorized the issuance of unlimited tax bonds at an election held on November 3, 2020, for various purposes as reflected in the table below:

Amount	Purpose
$10,000,000	For certain water, sanitary sewer, and storm drainage facilities
$15,000,000	For refunding water, sanitary sewer, and storm drainage facility bonds
$10,000,000	For certain road facilities
$15,000,000	For refunding road facility bonds
$8,000,000	For certain parks and recreation facilities
$12,000,000	For refunding parks and recreation facility bonds

Defined area bonds are special limited obligations of the District secured solely by ad valorem taxes imposed upon taxable property within such defined area. See "THE DISTRICT – The Defined Area," and "RISK FACTORS – Future Debt."

The District has entered into development agreements with approximately 24 different developers/landowners pursuant to which the District expects to issue additional obligations to reimburse costs of roadways; potentially certain drainage facilities; and parks and recreational facilities. The District anticipates that it will only issue such bonds to reimburse developers for such facilities as the taxable value of each developer's project increases in amounts so that the District will be able to issue additional bonds and maintain a

future total tax rate (for debt service and operations and maintenance) of approximately $1.23 per $100 of assessed valuation; however the District cannot guarantee that it will be successful in limiting its future total tax rate.

Remedies in Event of Default

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

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition or rescission may: (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds; (b) give preference of any Bond over any other Bond; or (c) extend any waiver of default to subsequent defaults. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Securities. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount or Maturity Value, as the case may be, of such maturity, and will be deposited with DTC.

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

is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detailed information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, securities are required to be printed and delivered.

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

The information in this section concerning DTC and DTC’s Book-Entry-Only-System has been obtained from sources that the District believes to be reliable; the District, the District’s Financial Advisor, and the Underwriters do not take any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriters with a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds. Such transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of the Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against all taxable property within the District. The legal opinion of Bond Counsel will further address the matters described below under "TAX MATTERS." Bond Counsel's fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds.

Legal Review

In its capacity as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "CONSOLIDATION," "THE BONDS," "LEGAL MATTERS - Legal Opinions," and "TAX MATTERS," (to the extent such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the legal matters and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it investigated the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Sanford Kuhl Hagan Kugle Parker Kahn LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with 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 Material Adverse Change

The obligations of the Underwriters 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.

No-Litigation Certificate

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

TAX MATTERS

In the opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. These restrictions, conditions, and requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the District file an information report with the Internal Revenue Service (the "Service"). The District has made certain representations and covenanted in the Bond Order to comply with these restrictions, conditions, and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not

occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "Service") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the Service. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Service. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Service positions with which the District legitimately disagrees, may not be practicable. Any action of the Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Proposed Tax Legislation

Proposed, and if enacted, tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated: (a) the difference between: (i) the stated amount payable at the maturity of each Original Issue Discount Bond; and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that: (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes; (b) all of the Original Issue Discount Bonds have been offered, and a substantial

amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement; and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds may be offered at an initial offering price which exceeds the stated redemption price payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, broker, and similar persons or entities acting in the capacity of wholesales or Underwriters) at such initial offering price, each of the Bonds of such maturity (the “Premium Bond”) will be considered for federal income tax purposes to have “bond premium” equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser’s original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering price for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

NOT Qualified Tax-Exempt Obligations

The District did NOT designate the Bonds as "qualified tax-exempt obligations".

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

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

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, and other sources that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions and engineering and other related reports set forth in the Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Consultants

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

Engineer - The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled “SYSTEMS SERVING THE DISTRICT” and certain engineering matters included in “THE DISTRICT – Description and Location,” and “– Status of Land Development/Land Uses in the District” has been provided by Tejas Engineering Management, L.L.C., and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector - The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned “DISTRICT TAX DATA” has been provided by HCAD, MCAD, WCAD, and Utility Tax Service, L.L.C., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor - The District's annual financial statements as of December 31, 2025, have been prepared by McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT."

Continuing Availability of Financial Information

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

The District's financial records and audit reports are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, TX, 77056.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriters, unless the Underwriters notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District’s obligations hereunder will extend or 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.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Southeast Regional Management District as of the date shown on the cover page.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

SOUTHEAST REGIONAL MANAGEMENT DISTRICT

HARRIS, MONTGOMERY AND WALLER COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-29
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	31
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL IMPROVEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL IMPROVEMENT GUIDE (Included in the notes to the financial statements)	
SERVICE AND RATES	33-35
GENERAL FUND EXPENDITURES	36
INVESTMENTS	37
TAXES LEVIED AND RECEIVABLE	38
LONG-TERM DEBT SERVICE REQUIREMENTS	39-47
CHANGES IN LONG-TERM BOND DEBT	48-49
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICES FUND - FIVE YEARS	50-53
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	54-55

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Regional Management District
Harris, Montgomery and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Southeast Regional Management District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of an Error

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended December 31, 2024, have been restated to account for the correction of an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Southeast Regional Management District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

April 28, 2026

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Management's discussion and analysis of the Southeast Regional Management District's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues and developer advances as well as general and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs. The Defined Area General Fund accounts for property tax revenues as well as general and administrative expenditures.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by $88,971,153 as of December 31, 2025.

The fiscal year ending 2024 balances in the tables on the following page have been adjusted; see Note 6.

The following is a comparative analysis of the Statement of Net Position as of December 31, 2025, and December 31, 2024:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 21,217,601	$ 14,255,144	$ 6,962,457
Capital Assets (Net of Accumulated Depreciation)	31,607,968	22,443,965	9,164,003
Total Assets	$ 52,825,569	$ 36,699,109	$ 16,126,460
Due to Developer	$ 16,890,723	$ 19,926,695	$ 3,035,972
Bonds Payable	109,234,065	79,240,569	(29,993,496)
Other Liabilities	3,941,630	1,426,064	(2,515,566)
Total Liabilities	$ 130,066,418	$ 100,593,328	$ (29,473,090)
Deferred Inflows of Resources	$ 11,730,304	$ 7,683,931	$ (4,046,373)
Net Position:			
Net Investment in Capital Assets	$ (93,096,438)	$ (73,455,725)	$ (19,640,713)
Restricted	702,167	872,042	(169,875)
Unrestricted	3,423,118	1,005,533	2,417,585
Total Net Position	$ (88,971,153)	$ (71,578,150)	$ (17,393,003)

The following table provides a comparative analysis of the District's operations for the years ending December 31, 2025, and December 31, 2024.

	Summary of the Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 7,804,296	$ 4,441,945	$ 3,362,351
Charges for Services	350,050	186,178	163,872
Other Revenues	594,119	307,757	286,362
Total Revenues	$ 8,748,465	$ 4,935,880	$ 3,812,585
Expenses for Services	26,141,468	43,289,293	17,147,825
Change in Net Position	$ (17,393,003)	$ (38,353,413)	$ 20,960,410
Net Position, Beginning of Year	(71,578,150)	(33,224,737)	(38,353,413)
Net Position, End of Year	$ (88,971,153)	$ (71,578,150)	$ (17,393,003)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2025, were $6,651,081, an increase of $883,026 from the prior year.

The General Fund fund balance increased by $2,098,023 due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $382,029, primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from the proceeds of the Series 2025 Road Bonds.

The Capital Projects Fund fund balance decreased by $1,848,673, primarily due to the use of proceeds from the sale of Series 2025 and Series 2025A Bond Anticipation Notes, Series 2025 Road Bonds and bond proceeds received in the prior years to fund current year capital costs.

The Defined Area General Fund fund balance increased by $251,647, primarily due to property tax revenues exceeding operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $783,508 more than budgeted revenues. Actual expenditures were $328,485 more than budgeted expenditures. This resulted in a positive budget variance of $455,023. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, as of December 31, 2025, total $6,906,292 and include land, construction in progress, detention and landscaping improvements.

The District is provided water and wastewater services by various private utility companies. When construction is complete on the water and wastewater facilities, they are conveyed to the applicate private utility company. When these facilities are conveyed, the District recognizes a right-to-use asset representing its right to receive service. The balance of the right-to-use asset, net of accumulated depreciation, was $24,701,676 as of December 31, 2025.

LONG-TERM DEBT ACTIVITY

At year-end, bond debt totaled $110,675,000. The changes in bonds payable during the year ending December 31, 2025, are summarized as follows:

Bonds Payable, January 1, 2025	$ 80,300,000
Add: Bonds Sale	31,155,000
Less: Bond Principal Paid	780,000
Bonds Payable, December 31, 2025	$ 110,675,000

The Series 2019 Road Bonds and Series 2021 Road Bonds are not rated. The Series 2023 Road Bonds, Series 2024 Road Bonds, Series 2024A Road Bonds and Series 2025 Road Bonds carry an underlying rating of "Baa1". The Series 2021A Road Bonds, Series 2022 Road Bonds and Series 2024 Road Bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2023 Road Bonds, Series 2024A Road Bonds and Series 2025 Road Bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Southeast Regional Management District, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd., Suite 2650, Houston, Texas 77056.

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 191,211	$ 685,478
Investments	3,999,897	2,043,798
Receivables:		
Property Taxes	6,004,606	4,856,065
Service Accounts	20,037	
Due from Other Funds	505,940	
Due from Other Governmental Units	1,505	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 10,723,196	$ 7,585,341
LIABILITIES		
Accounts Payable	$ 221,243	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		432,268
Due to Taxpayers		4,304
Security Deposits	38,250	
Accrued Interest at Time of Sale		112,279
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 259,493	$ 548,851
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 6,355,461	$ 5,139,845
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		1,896,645
Unassigned	4,108,242	
TOTAL FUND BALANCES	$ 4,108,242	$ 1,896,645
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 10,723,196	$ 7,585,341
NET POSITION		
Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Defined Area General Fund	Total	Adjustments	Statement of Net Position
$ 231	$ 30,295	$ 907,215	$	$ 907,215
2,674,784	341,507	9,059,986		9,059,986
	368,187	11,228,858		11,228,858
		20,037		20,037
		505,940	(505,940)	
		1,505		1,505
			4,443,841	4,443,841
			27,164,127	27,164,127
$ 2,675,015	$ 739,989	$ 21,723,541	$ 31,102,028	$ 52,825,569
$	$ 2,520	$ 223,763	$	$ 223,763
6,021		6,021	1,369,292	1,375,313
			16,890,723	16,890,723
73,672		505,940	(505,940)	
		4,304		4,304
		38,250		38,250
		112,279	(112,279)	
2,300,000		2,300,000		2,300,000
			1,120,000	1,120,000
			108,114,065	108,114,065
$ 2,379,693	$ 2,520	$ 3,190,557	$ 126,875,861	$ 130,066,418
$ - 0 -	$ 386,597	$ 11,881,903	$ (151,599)	$ 11,730,304
$ 295,322	$	$ 295,322	$ (295,322)	$
		1,896,645	(1,896,645)	
	350,872	4,459,114	(4,459,114)	
$ 295,322	$ 350,872	$ 6,651,081	$ (6,651,081)	$ - 0 -
$ 2,675,015	$ 739,989	$ 21,723,541		
			$ (93,096,438)	$ (93,096,438)
			702,167	702,167
			3,423,118	3,423,118
			$ (88,971,153)	$ (88,971,153)

The accompanying notes to the financial statements are an integral part of this report.

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds		$ 6,651,081
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		31,607,968
Deferred inflows of resources related to property tax revenues for the 2024 tax levies became part of recognized revenue in the governmental activities of the District.		151,599
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (16,890,723)	
Accrued Interest Payable	(1,257,013)	
Bonds Payable	(109,234,065)	(127,381,801)
Total Net Position - Governmental Activities		$ (88,971,153)

The accompanying notes to the financial statements are an integral part of this report.

SOUTHEAST REGIONAL MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Tax Revenues	$ 4,096,279	$ 3,315,043
Wastewater Service	188,492	
Penalty and Interest	3,240	132,586
Inspection Fees	19,665	
Investment Revenues	190,804	111,227
Miscellaneous Revenues	109,028	44,727
TOTAL REVENUES	$ 4,607,508	$ 3,603,583
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 639,486	$ 42,290
Contracted Services	313,082	128,588
Utilities	295,745	
Repairs and Maintenance	1,168,360	
Other	58,134	20,521
Depreciation Expense		
Capital Outlay	34,678	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Bond Principal		780,000
Bond Interest		2,898,697
Bond Anticipation Note Interest		
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 2,509,485	$ 3,870,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,098,023	$ (266,513)
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	$	$ 648,542
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 648,542
NET CHANGE IN FUND BALANCES	$ 2,098,023	$ 382,029
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2025, AS REPORTED	2,010,219	1,514,616
CORRECTION OF AN ERROR		
JANUARY 1, 2025, AS RESTATED	$ 2,010,219	$ 1,514,616
FUND BALANCE/NET POSITION - DECEMBER 31, 2025	$ 4,108,242	$ 1,896,645

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Defined Area General Fund	Total	Adjustments	Statement of Activities
$	$ 273,443	$ 7,684,765	$ 119,531	$ 7,804,296
		188,492		188,492
	6,067	141,893		141,893
		19,665		19,665
125,651	12,682	440,364		440,364
		153,755		153,755
$ 125,651	$ 292,192	$ 8,628,934	$ 119,531	$ 8,748,465
$	$ 10,333	$ 692,109	$	$ 692,109
	22,112	463,782		463,782
		295,745		295,745
		1,168,360		1,168,360
140	8,100	86,895		86,895
			901,889	901,889
25,642,909		25,677,587	(25,677,587)	
4,335,692		4,335,692		4,335,692
			12,575,723	12,575,723
		780,000	(780,000)	
		2,898,697	646,658	3,545,355
99,952		99,952		99,952
1,975,966		1,975,966		1,975,966
$ 32,054,659	$ 40,545	$ 38,474,785	$ (12,333,317)	$ 26,141,468
$ (31,929,008)	$ 251,647	$ (29,845,851)	$ 12,452,848	$ (17,393,003)
$ 30,506,458	$	$ 31,155,000	$ (31,155,000)	$
(593,892)		(593,892)	593,892	
167,769		167,769	(167,769)	
$ 30,080,335	$ -0-	$ 30,728,877	$ (30,728,877)	$ -0-
$ (1,848,673)	$ 251,647	$ 883,026	$ (883,026)	$
			(17,393,003)	(17,393,003)
2,143,995	99,225	5,768,055	(77,589,413)	(71,821,358)
			243,208	243,208
$ 2,143,995	$ 99,225	$ 5,768,055	$ (77,346,205)	$ (71,578,150)
$ 295,322	$ 350,872	$ 6,651,081	$ (95,622,234)	$ (88,971,153)

The accompanying notes to the financial statements are an integral part of this report.

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$ 883,026
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report property tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	119,531
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expenses are recorded in the Statement of Activities.	(901,889)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	25,677,587
Governmental funds report bond premiums and bond discounts as other financing sources/uses in the year received or paid. However, in the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	426,123
Capital assets completed and conveyed to the County for operation and maintenance are recorded as an expense in the Statement of Activities	(12,575,723)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(646,658)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(31,155,000)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	780,000
Change in Net Position - Governmental Activities	$ (17,393,003)

The accompanying notes to the financial statements are an integral part of this report.

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1. CREATION OF DISTRICT

Southeast Regional Management District (the "District"), previously known as Harris County Improvement District No. 17 and Harris-Montgomery Counties Management District was created, effective June 19, 2009, by the Texas Legislature under the provisions of House Bill No. 4829, of the 81st Legislature, Regular Session, codified as Chapter 3891, Texas Special District Local Laws Code. Pursuant to the provisions of the Act creating the District, the District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts and entertainment, economic development, safety, and the public welfare. The Board of Directors held its first meeting on July 23, 2009, and the first bonds were issued on November 21, 2019. On January 17, 2022, the District changed its name to Southeast Regional Management District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality.

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately appointed governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four governmental funds and considers each to be a major fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues and developer advances as well as general and administrative expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Defined Area General Fund - To account for property tax revenues as well as general and administrative expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include 2024 tax levy collections during the period October 1, 2024, to December 31, 2025. In addition, taxes collected from January 1, 2025, to December 31, 2025 for the previous tax levies are included in revenue. The 2025 tax levy has been fully deferred to meet planned operating expenditures for the 2026 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At year-end the Debt Service Fund owed the General Fund $432,268 for tax collection and expenditures related to the cost of assessing and collecting taxes and the Capital Projects Fund owed the General Fund $73,672 for bond issuance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital and Intangible Assets

Capital assets, which include office equipment and fixtures and vehicles, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation.

Right-to-use assets include water, wastewater and drainage facilities constructed within the District which are conveyed to the private utility companies for operation and maintenance (See Note 10). Right-to-use assets are amortized using the straight-line method over 40-years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. The District's fund balances are classified using the following hierarchy:

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2025:

	January 1, 2025	Additions	Retirements	December 31, 2025
Bonds Payable	$ 80,300,000	$ 31,155,000	$ 780,000	$ 110,675,000
Unamortized Discounts	(1,697,452)	(593,892)	(70,482)	(2,220,862)
Unamortized Premiums	638,021	167,769	25,863	779,927
Total Bonds Payable, Net	$ 79,240,569	$ 30,728,877	$ 735,381	$ 109,234,065

Amount Due Within One Year	$ 1,120,000
Amount Due After One Year	108,114,065
Total Bonds Payable, Net	$ 109,234,065

As of December 31, 2025, the District had authorized but unissued bonds in the amount of $200,000,000 in utility bonds and $200,000,000 of utility refunding bonds, $557,735,000 in road facility bonds and $670,000,000 in road facility refunding bonds, $80,000,000 in recreational facility bonds and $80,000,000 in recreational facility refunding bonds, $10,000,000 in Defined Area utility bonds, $15,000,000 in Defined Area refunding bonds, $10,000,000 in Defined Area road bonds, $15,000,000 in Defined Area road refunding bonds, $8,000,000 in Defined Area parks and recreational bonds, and $12,000,000 in Defined Area parks and recreational refunding bonds.

NOTE 3. LONG-TERM DEBT (Continued)

	Road Series 2019	Road Series 2021	Road Series 2021A
Amount Outstanding – December 31, 2025	$ 2,425,000	$ 5,265,000	$ 4,610,000
Interest Rates	2.35% - 3.375%	2.00% - 3.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2045	April 1, 2026/2049	April 1, 2026/2049
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	April 1, 2025*	April 1, 2026*	April 1, 2026*

	Road Series 2022	Road Series 2023
Amount Outstanding – December 31, 2025	$ 5,005,000	$ 15,595,000
Interest Rates	3.75% - 5.00%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2050	April 1, 2026/2051
Interest Payment Dates	April 1/ October 1	April 1/ October 1
Callable Dates	April 1, 2028*	April 1, 2028*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2019 Road term bonds maturing on April 1, 2037, April 1, 2039, April 1, 2041, and April 1, 2045 are subject to mandatory redemption beginning April 1, 2036, April 1, 2038, April 1, 2040, and April 1, 2042, respectively. The Series 2021 Road term bonds maturing on April 1, 2037, April 1, 2041, April 1, 2045, and April 1, 2049 are subject to mandatory redemption beginning April 1, 2035, April 1, 2038, April 1, 2042, and April 1, 2046, respectively. The Series 2021A Road term bonds maturing on April 1, 2035, April 1, 2037, April 1, 2039, April 1, 2042, and April 1, 2049 are subject to mandatory redemption beginning April 1, 2034, April 1, 2036, April 1, 2038, April 1, 2040, and April 1, 2043, respectively. The Series 2022 Road term bonds maturing on April 1, 2031, April 1, 2034, April 1, 2037, and April 1, 2050 are subject to mandatory redemption beginning April 1, 2030, April 1, 2032, April 1, 2035, and April 1, 2038, respectively. The Series 2023 Road term bonds maturing on April 1, 2031, April 1, 2033, April 1, 2037, April 1, 2039, April 1, 2041, April 1,2043, April 1, 2045, April 1, 2048, and April 1, 2051 are subject to mandatory redemption beginning April 1, 2030, April 1, 2032, April 1, 2034, April 1, 2038, April 1, 2040, April 1, 2042, April 1, 2044, April 1, 2046, and April 1, 2049, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Road Series 2024	Road Series 2024A	Road Series 2025
Amount Outstanding – December 31, 2025	$ 15,770,000	$ 30,850,000	$ 31,155,000
Interest Rates	4.00% - 5.00%	4.00% - 5.00%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2052	April 1, 2027/2053	April 1, 2028/2054
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	April 1, 2029*	April 1, 2030*	April 1, 2030*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2024 Road term bonds maturing on April 1, 2039, April 1, 2041, April 1, 2043, April 1, 2045, April 1, 2048 and April 1, 2052 are subject to mandatory redemption beginning April 1, 2038, April 1, 2040, April 1, 2042, April 1, 2044, April 1, 2046 and April 1, 2049, respectively. The Series 2024A Road term bonds maturing on April 1, 2034, April 1, 2041, April 1, 2043, April 1, 2046, April 1, 2049 and April 1, 2053 are subject to mandatory redemption beginning April 1, 2033, April 1, 2040, April 1, 2042, April 1, 2044, April 1, 2047 and April 1, 2050, respectively. The Series 2025 Road term bonds maturing on April 1, 2054 are subject to mandatory redemption beginning April 1, 2051.

As of December 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 1,120,000	$ 4,889,959	$ 6,009,959
2027	1,795,000	4,576,575	6,371,575
2028	2,515,000	4,479,200	6,994,200
2029	2,635,000	4,362,335	6,997,335
2030	2,730,000	4,244,032	6,974,032
2031-2035	15,480,000	19,462,315	34,942,315
2036-2040	18,770,000	16,129,708	34,899,708
2041-2045	23,055,000	11,876,919	34,931,919
2046-2050	26,850,000	6,564,812	33,414,812
2051-2054	15,725,000	1,224,328	16,949,328
	$ 110,675,000	$ 77,810,183	$ 188,485,183

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District without legal limit as to rate or amount. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended December 31, 2025, the District levied an ad valorem debt service tax rate of $0.55 per $100 of assessed valuation, which resulted in a tax levy of $5,077,310 on the adjusted taxable valuation of $923,147,345 for the 2025 tax year. See Note 7 for the maintenance tax levy.

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

DEFINED AREA BONDS

On November 3, 2020, the District held an election for Designation of Defined Area and Bonds for Defined Area. Qualified resident electors of the Defined Area voted to designate a Defined Area in the District, authorize the issuance of up to $10,000,000 in utility bonds, $15,000,000 in refunding bonds, $10,000,000 in road bonds, $15,000,000 in road refunding bonds, $8,000,000 in parks and recreational bonds, and $12,000,000 in parks and recreational refunding bonds; and provide for payment of principal and interest on such bonds by the levy and collection of a sufficient tax on all taxable property within the Defined Area.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

The bond orders require that the District provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $907,215 and the bank balance was $1,023,524. The District was not exposed to custodial credit at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2025, as listed below:

	Cash
GENERAL FUND	$ 191,211
DEBT SERVICE FUND	685,478
CAPITAL PROJECTS FUND	231
DEFINED AREA	30,295
TOTAL DEPOSITS	$ 907,215

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of December 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,999,897	$ 3,999,897
DEBT SERVICE FUND		
TexPool	2,043,798	2,043,798
DEFINED AREA FUND		
TexPool	341,507	341,507
CAPITAL PROJECTS FUND		
TexPool	2,674,784	2,674,784
TOTAL INVESTMENTS	$ 9,059,986	$ 9,059,986

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2025, the District's investments in TexPool were rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have maturities of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025:

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 3,987,036	$ 456,805	$ - 0 -	$ 4,443,841
Capital Assets Subject to Depreciation				
Right-to-Use Assets				
Water and Sewer System	$ 16,978,622	$ 9,574,409	$	$ 26,553,031
Detention	2,716,143	22,358		2,738,501
Landscaping Improvements	365,334	12,320		377,654
Total Capital Assets Subject to Depreciation	$ 20,060,099	$ 9,609,087	$ - 0 -	$ 29,669,186
Accumulated Depreciation				
Right-to-Use Assets				
Water and Sewer System	$ 1,046,658	$ 804,697	$	$ 1,851,355
Detention	290,551	60,554		351,105
Landscaping Improvements	265,961	36,638		302,599
Total Accumulated Depreciation	$ 1,603,170	$ 901,889	$ - 0 -	$ 2,505,059
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 18,456,929	$ 8,707,198	$ - 0 -	$ 27,164,127
Total Capital Assets, Net of Accumulated Depreciation	$ 22,443,965	$ 9,164,003	$ - 0 -	$ 31,607,968

The Developers finance the construction of facilities to serve development within the District. Once completed, the facilities are conveyed to the applicable private utility company (see Note 10). In exchange for conveyance of the facilities, the private utility company agrees to provide water and wastewater services to the District, which results in an right-to-use asset of the District. As of December 31, 2025, the District's right-to-use asset for the right to receive service had a book value of $24,701,676, which is net of accumulated depreciation of $1,851,355. Current year depreciation expense was $804,697. The correction of an error in the useful lives of the right-to-use assets was an increase to prior year net position by $243,408.

NOTE 7. MAINTENANCE TAX

On May 7, 2016, the voters of the District approved the levy and collection of an unlimited maintenance tax per $100 of assessed valuation of taxable property within the District. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax rate of $0.68 per $100 of assessed valuation, which resulted in a tax levy of $6,277,401 on the adjusted taxable valuation of $923,147,345 for the 2025 tax year. The 2025 tax levy has been fully deferred to meet the operating expenditures for the 2026 fiscal year.

NOTE 7. MAINTENANCE TAX (Continued)

On May 7, 2016, the voters of the District approved the levy and collection of a park and recreational facility maintenance tax not to exceed $0.10 per $100 of assessed valuation of taxable property within the District. During the year ended December 31, 2025, the District did not levy a park and recreational maintenance tax.

On November 3, 2020, the voters of the Defined Area within the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the Defined Area. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax rate on the Defined Area of $0.25 per $100 of assessed valuation, which resulted in a tax levy of $375,593 on the adjusted taxable valuation of $150,237,236 for the 2025 tax year.

On November 3, 2020, the voters of the Defined Area within the District approved the levy and collection of a park and recreational facility maintenance tax not to exceed $0.10 per $100 of assessed valuation of taxable property within the Defined Area. During the year ended December 31, 2025, the District did not levy a Defined Area park and recreational maintenance tax.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. SALES AND USE TAX

On May 7, 2016, the District voters authorized to adopt, impose, assess and collect a sale and use tax at a rate not to exceed 1%.

NOTE 10. UTILITY SERVICE AGREEMENT

Water and wastewater services are provided to the developments within the District by various private utility companies (a "Private Utility"). Each Private Utility has extended its certificated service area to cover the tract or tracts that it serves. Water and sewer customers within the District are billed in accordance with the respective Private Utility's Rate Tarriff currently in effect. An exception to this is one development where the District is providing wastewater services to residents and has contracted with a private operator to operate and maintain the related infrastructure and provide billing services.

NOTE 11. UNREIMBURSED COSTS

The District has entered into financing agreements with the Developers which call for the Developers to fund operating advances as well as costs associated with the construction of water, sewer, drainage, park and road facilities until such time as the District can sell bonds to reimburse the Developers. The District has recorded a liability to the Developers for $15,765,663 for the construction of such facilities. The District has also recorded a liability to the Developers for operating advances in the amount of $1,125,060. The advances include $736,303 for a pipeline relocation project and $388,757 for operating costs. The following table summarizes the activity for the current fiscal year:

Due to Developers, Janaury 1, 2025	$ 19,926,695
Current year Additions/Reimbursements	(3,035,972)
Due to Developers, December 31, 2025	$ 16,890,723

NOTE 12. BOND AND BOND ANTICIPATION NOTE SALES

On January 30, 2025, the District closed on the sale of its $2,700,000 Road Bond Anticipation Note, Series 2025 (2025 BAN) at a net effective interest rate of 5.35%. The District used proceeds of the 2025 BAN to reimburse a Developer for a portion of construction and engineering costs for road facilities in Mostyn Springs, Section 3 and to pay certain issuance costs.

NOTE 12. BOND AND BOND ANTICIPATION NOTE SALES (Continued)

On August 28, 2025, the District closed on the sale of its $31,155,000 Unlimited Tax Road Bonds, Series 2025. Proceeds of the bonds were used to reimburse the developer for a portion of the costs associated with the construction and engineering for road improvements at the following: Mostyn Springs, Section 3; Lakes at Black Oak; Colony at Pinehurst; Mill Creek South; Mill Creek North; Rosehill Meadow; Flagstone; Creekside Court; Marie Village; Bauer Meadows; Binford Creek; Enclave at Lexington Woods; and Oakwood. Proceeds were also used to redeem the 2025 BAN, pay additional developer reimbursable items, developer interest and issuance costs of the bonds

On November 7, 2025, the District closed on the sale of its $2,300,000 Road Bond Anticipation Note, Series 2025A (2025A BAN) at a net effective interest rate of 4.95%. The District used proceeds of the 2025A BAN to reimburse a Developer for a portion of construction and engineering costs for road facilities in Flagstone, Section 3 and to pay certain issuance costs.

NOTE 13. SUBSEQUENT EVENT – BOND ANTICIPATION NOTE SALE

On February 17, 2026, subsequent to year-end, the District sold a Series 2026 Road Bond Anticipation Note ("BAN") in the amount $3,000,000 at an interest rate of 4.90%. Proceeds of the BAN were used by the District to reimburse Developers a portion of construction costs for projects in William Trails, Section 4, Lake Conroe Cove, and Baron Village, Sections 1 through 3 and related engineering.

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SOUTHEAST REGIONAL MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 3,500,000	$ 4,096,279	$ 596,279
Wastewater Service	100,000	188,492	88,492
Penalty and Interest	5,000	3,240	(1,760)
Inspection Fees	30,000	19,665	(10,335)
Investment Revenues	140,000	190,804	50,804
Miscellaneous Revenues	49,000	109,028	60,028
TOTAL REVENUES	$ 3,824,000	$ 4,607,508	$ 783,508
EXPENDITURES			
Service Operations:			
Professional Fees	$ 452,000	$ 639,486	$ (187,486)
Contracted Services	320,000	313,082	6,918
Utilities	150,000	295,745	(145,745)
Repairs and Maintenance	990,000	1,168,360	(178,360)
Other	269,000	58,134	210,866
Capital Outlay		34,678	(34,678)
TOTAL EXPENDITURES	$ 2,181,000	$ 2,509,485	$ (328,485)
NET CHANGE IN FUND BALANCE	$ 1,643,000	$ 2,098,023	$ 455,023
FUND BALANCE - JANUARY 1, 2025	2,010,219	2,010,219	
FUND BALANCE - DECEMBER 31, 2025	$ 3,653,219	$ 4,108,242	$ 455,023

SOUTHEAST REGIONAL MANAGEMENT DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2025

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE CURRENT YEAR:

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

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

____ Other (specify): _____

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved June 6, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons	Usage Levels
WATER:	N/A	N/A	N/A	N/A	N/A
WASTEWATER:	$ 85.84	N/A	Y		

District employs winter averaging for wastewater usage? ____ Yes X No

Total monthly charges per 10,000 gallons usage: Wastewater: $85.84

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	299	226	x 1.0	226

3. TOTAL WATER CONSUMPTION DURING THE YEAR ROUNDED TO THE NEAREST THOUSAND: Not Applicable

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes __ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _____ No X

County or Counties in which District is located:

Harris, Montgomery and Waller Counties, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas; City of Tomball, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

PROFESSIONAL FEES:		
Auditing	$	17,750
Engineering		184,793
Legal		433,643
Financial Advisor		3,300
TOTAL PROFESSIONAL FEES	$	639,486
CONTRACTED SERVICES:		
Bookkeeping	$	34,729
Operations and Billing		21,686
Project Management		256,667
TOTAL CONTRACTED SERVICES	$	313,082
UTILITIES	$	295,745
REPAIRS AND MAINTENANCE	$	1,168,360
ADMINISTRATIVE EXPENDITURES:		
Deed Restrictions	$	15,390
Insurance		9,724
Legal Notices		11,648
Other		5,852
TOTAL ADMINISTRATIVE EXPENDITURES	$	42,614
CAPITAL OUTLAY	$	34,678
OTHER EXPENDITURES:		
Inspection Fees	$	15,520
TOTAL EXPENDITURES	$	2,509,485

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
INVESTMENTS
DECEMBER 31, 2025

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texpool	XXXX0002	Varies	Daily	$ 3,999,897	$ - 0 -
DEBT SERVICE FUND					
Texpool	XXXX0006	Varies	Daily	$ 2,043,798	$ - 0 -
DEFINED AREA FUND					
Texpool	XXXX0001	Varies	Daily	$ 341,507	$ - 0 -
CAPITAL PROJECTS FUND					
Texpool	XXXX0003	Varies	Daily	$ 1,668	$
Texpool	XXXX0004	Varies	Daily	2,127,753	
Texpool	XXXX0010	Varies	Daily	115,639	
Texpool	XXXX0025	Varies	Daily	429,724	
TOTAL CAPITAL PROJECTS FUND				$ 2,674,784	$ - 0 -
TOTAL - ALL FUNDS				$ 9,059,986	$ - 0 -

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes		Debt Service Taxes		Defined Area Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2025	$3,646,089		$ 2,946,780		$240,852	
Adjustments to Beginning Balance	53,659	$3,699,748	46,533	$2,993,313	20,674	$261,526
Original 2025 Tax Levy	$5,821,411		$ 4,708,495		$356,720	
Adjustment to 2025 Tax Levy	455,990	6,277,401	368,815	5,077,310	18,873	375,593
TOTAL TO BE ACCOUNTED FOR		$9,977,149		$8,070,623		$637,119
TAX COLLECTIONS:						
Prior Years	$3,621,688		$ 2,930,778		$250,522	
Current Year	350,855	3,972,543	283,780	3,214,558	18,410	268,932
TAXES RECEIVABLE - DECEMBER 31, 2025		$6,004,606		$4,856,065		$368,187
TAXES RECEIVABLE BY YEAR:						
2025		$5,926,546		$4,793,530		$357,183
2024		51,675		41,795		1,713
2023		23,944		19,367		8,715
2022		2,441		1,373		576
TOTAL		$6,004,606		$4,856,065		$368,187

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2019 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 75,000	$ 74,538	$ 149,538
2027	75,000	72,737	147,737
2028	75,000	70,862	145,862
2029	100,000	68,581	168,581
2030	100,000	65,881	165,881
2031	100,000	63,081	163,081
2032	100,000	60,156	160,156
2033	100,000	57,156	157,156
2034	100,000	54,156	154,156
2035	125,000	50,703	175,703
2036	125,000	46,719	171,719
2037	125,000	42,657	167,657
2038	125,000	38,594	163,594
2039	150,000	34,125	184,125
2040	150,000	29,250	179,250
2041	150,000	24,375	174,375
2042	150,000	19,407	169,407
2043	150,000	14,344	164,344
2044	175,000	8,859	183,859
2045	175,000	2,953	177,953
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
	$ 2,425,000	$ 899,134	$ 3,324,134

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2021 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 150,000	$ 143,200	$ 293,200
2027	150,000	140,200	290,200
2028	175,000	136,950	311,950
2029	175,000	133,341	308,341
2030	175,000	129,513	304,513
2031	175,000	125,575	300,575
2032	175,000	121,528	296,528
2033	200,000	116,950	316,950
2034	200,000	111,825	311,825
2035	200,000	106,450	306,450
2036	200,000	100,950	300,950
2037	200,000	95,450	295,450
2038	225,000	89,325	314,325
2039	225,000	82,575	307,575
2040	225,000	75,825	300,825
2041	250,000	68,700	318,700
2042	250,000	61,200	311,200
2043	250,000	53,700	303,700
2044	250,000	46,200	296,200
2045	275,000	38,325	313,325
2046	275,000	30,075	305,075
2047	275,000	21,825	296,825
2048	290,000	13,350	303,350
2049	300,000	4,500	304,500
2050			
2051			
2052			
2053			
2054			
	$ 5,265,000	$ 2,047,532	$ 7,312,532

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2021A ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 125,000	$ 115,988	$ 240,988
2027	130,000	112,163	242,163
2028	155,000	108,663	263,663
2029	155,000	105,563	260,563
2030	155,000	102,463	257,463
2031	155,000	99,363	254,363
2032	155,000	96,166	251,166
2033	180,000	92,494	272,494
2034	175,000	88,281	263,281
2035	175,000	83,906	258,906
2036	175,000	79,531	254,531
2037	175,000	75,156	250,156
2038	200,000	70,344	270,344
2039	200,000	65,094	265,094
2040	200,000	59,844	259,844
2041	200,000	54,594	254,594
2042	225,000	49,016	274,016
2043	225,000	42,969	267,969
2044	225,000	36,781	261,781
2045	225,000	30,594	255,594
2046	250,000	24,063	274,063
2047	250,000	17,188	267,188
2048	250,000	10,313	260,313
2049	250,000	3,438	253,438
2050			
2051			
2052			
2053			
2054			
	$ 4,610,000	$ 1,623,975	$ 6,233,975

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2022 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 115,000	$ 208,625	$ 323,625
2027	140,000	202,250	342,250
2028	140,000	195,250	335,250
2029	140,000	188,250	328,250
2030	140,000	181,250	321,250
2031	165,000	173,625	338,625
2032	165,000	165,375	330,375
2033	165,000	157,125	322,125
2034	165,000	148,875	313,875
2035	190,000	140,000	330,000
2036	190,000	130,500	320,500
2037	190,000	121,000	311,000
2038	200,000	112,500	312,500
2039	200,000	105,000	305,000
2040	200,000	97,500	297,500
2041	200,000	90,000	290,000
2042	225,000	82,031	307,031
2043	225,000	73,594	298,594
2044	250,000	64,688	314,688
2045	250,000	55,313	305,313
2046	250,000	45,938	295,938
2047	275,000	36,094	311,094
2048	275,000	25,781	300,781
2049	275,000	15,469	290,469
2050	275,000	5,156	280,156
2051			
2052			
2053			
2054			
	$ 5,005,000	$ 2,821,189	$ 7,826,189

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2023 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 335,000	$ 653,050	$ 988,050
2027	350,000	635,925	985,925
2028	370,000	617,925	987,925
2029	390,000	598,925	988,925
2030	405,000	581,075	986,075
2031	420,000	564,575	984,575
2032	440,000	547,375	987,375
2033	455,000	529,475	984,475
2034	475,000	510,875	985,875
2035	495,000	491,475	986,475
2036	515,000	471,275	986,275
2037	535,000	450,275	985,275
2038	560,000	428,375	988,375
2039	580,000	405,575	985,575
2040	605,000	381,119	986,119
2041	630,000	354,875	984,875
2042	660,000	327,463	987,463
2043	690,000	298,775	988,775
2044	715,000	268,919	983,919
2045	750,000	237,788	987,788
2046	780,000	205,275	985,275
2047	815,000	171,381	986,381
2048	850,000	136,000	986,000
2049	885,000	99,131	984,131
2050	925,000	60,669	985,669
2051	965,000	20,506	985,506
2052			
2053			
2054			
	$ 15,595,000	$ 10,048,076	$ 25,643,076

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2024 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 320,000	$ 641,025	$ 961,025
2027	335,000	624,650	959,650
2028	355,000	607,400	962,400
2029	370,000	589,275	959,275
2030	385,000	572,325	957,325
2031	405,000	556,525	961,525
2032	420,000	540,025	960,025
2033	440,000	522,825	962,825
2034	455,000	504,925	959,925
2035	475,000	486,325	961,325
2036	495,000	466,925	961,925
2037	515,000	446,725	961,725
2038	535,000	425,725	960,725
2039	555,000	403,925	958,925
2040	580,000	381,225	961,225
2041	605,000	357,525	962,525
2042	630,000	332,825	962,825
2043	655,000	307,125	962,125
2044	680,000	280,425	960,425
2045	710,000	252,625	962,625
2046	740,000	223,625	963,625
2047	770,000	193,425	963,425
2048	800,000	162,025	962,025
2049	830,000	128,906	958,906
2050	865,000	93,947	958,947
2051	905,000	57,441	962,441
2052	940,000	19,387	959,387
2053			
2054			
	$ 15,770,000	$ 10,179,106	$ 25,949,106

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2024A ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$	$ 1,306,975	$ 1,306,975
2027	615,000	1,291,600	1,906,600
2028	650,000	1,259,975	1,909,975
2029	680,000	1,226,725	1,906,725
2030	715,000	1,191,850	1,906,850
2031	750,000	1,155,225	1,905,225
2032	785,000	1,120,775	1,905,775
2033	820,000	1,088,675	1,908,675
2034	855,000	1,055,175	1,910,175
2035	890,000	1,020,275	1,910,275
2036	925,000	983,975	1,908,975
2037	960,000	946,275	1,906,275
2038	1,000,000	907,075	1,907,075
2039	1,040,000	866,275	1,906,275
2040	1,085,000	823,775	1,908,775
2041	1,130,000	779,475	1,909,475
2042	1,175,000	733,375	1,908,375
2043	1,225,000	685,375	1,910,375
2044	1,275,000	633,781	1,908,781
2045	1,330,000	578,425	1,908,425
2046	1,390,000	520,625	1,910,625
2047	1,450,000	460,275	1,910,275
2048	1,510,000	397,375	1,907,375
2049	1,575,000	331,819	1,906,819
2050	1,645,000	263,394	1,908,394
2051	1,715,000	191,994	1,906,994
2052	1,790,000	117,513	1,907,513
2053	1,870,000	39,737	1,909,737
2054			
	$ 30,850,000	$ 21,977,788	$ 52,827,788

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2025 ROAD		
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$	$ 1,746,558	$ 1,746,558
2027		1,497,050	1,497,050
2028	595,000	1,482,175	2,077,175
2029	625,000	1,451,675	2,076,675
2030	655,000	1,419,675	2,074,675
2031	690,000	1,389,500	2,079,500
2032	715,000	1,361,400	2,076,400
2033	745,000	1,332,200	2,077,200
2034	775,000	1,301,800	2,076,800
2035	810,000	1,270,100	2,080,100
2036	840,000	1,236,575	2,076,575
2037	880,000	1,200,550	2,080,550
2038	920,000	1,161,150	2,081,150
2039	960,000	1,118,850	2,078,850
2040	1,005,000	1,072,125	2,077,125
2041	1,060,000	1,020,500	2,080,500
2042	1,115,000	966,125	2,081,125
2043	1,170,000	909,000	2,079,000
2044	1,230,000	849,000	2,079,000
2045	1,295,000	785,875	2,080,875
2046	1,360,000	719,500	2,079,500
2047	1,430,000	649,750	2,079,750
2048	1,500,000	576,500	2,076,500
2049	1,580,000	499,500	2,079,500
2050	1,660,000	418,500	2,078,500
2051	1,745,000	333,375	2,078,375
2052	1,835,000	243,875	2,078,875
2053	1,930,000	149,750	2,079,750
2054	2,030,000	50,750	2,080,750
	$ 31,155,000	$ 28,213,383	$ 59,368,383

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 1,120,000	$ 4,889,959	$ 6,009,959
2027	1,795,000	4,576,575	6,371,575
2028	2,515,000	4,479,200	6,994,200
2029	2,635,000	4,362,335	6,997,335
2030	2,730,000	4,244,032	6,974,032
2031	2,860,000	4,127,469	6,987,469
2032	2,955,000	4,012,800	6,967,800
2033	3,105,000	3,896,900	7,001,900
2034	3,200,000	3,775,912	6,975,912
2035	3,360,000	3,649,234	7,009,234
2036	3,465,000	3,516,450	6,981,450
2037	3,580,000	3,378,088	6,958,088
2038	3,765,000	3,233,088	6,998,088
2039	3,910,000	3,081,419	6,991,419
2040	4,050,000	2,920,663	6,970,663
2041	4,225,000	2,750,044	6,975,044
2042	4,430,000	2,571,442	7,001,442
2043	4,590,000	2,384,882	6,974,882
2044	4,800,000	2,188,653	6,988,653
2045	5,010,000	1,981,898	6,991,898
2046	5,045,000	1,769,101	6,814,101
2047	5,265,000	1,549,938	6,814,938
2048	5,475,000	1,321,344	6,796,344
2049	5,695,000	1,082,763	6,777,763
2050	5,370,000	841,666	6,211,666
2051	5,330,000	603,316	5,933,316
2052	4,565,000	380,775	4,945,775
2053	3,800,000	189,487	3,989,487
2054	2,030,000	50,750	2,080,750
	$ 110,675,000	$ 77,810,183	$ 188,485,183

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2025

Description	Original Bonds Issued	Bonds Outstanding January 1, 2025
Harris-Montgomery Counties Management District Unlimited Tax Road Bonds - Series 2019	$ 2,700,000	$ 2,500,000
Harris-Montgomery Counties Management District Unlimited Tax Road Bonds - Series 2021	5,715,000	5,415,000
Harris-Montgomery Counties Management District Unlimited Tax Road Bonds - Series 2021A	4,960,000	4,735,000
Southeast Regional Management District Unlimited Tax Road Bonds - Series 2022	5,205,000	5,120,000
Southeast Regional Management District Unlimited Tax Road Bonds - Series 2023	15,910,000	15,910,000
Southeast Regional Management District Unlimited Tax Road Bonds - Series 2024	15,770,000	15,770,000
Southeast Regional Management District Unlimited Tax Road Bonds - Series 2024A	30,850,000	30,850,000
Southeast Regional Management District Unlimited Tax Road Bonds - Series 2025	31,155,000	
TOTAL	$ 112,265,000	$ 80,300,000

Bond Authority:	Utility Tax Bonds	Refunding Bonds	Road Bonds
Amount Authorized by Voters	$ 200,000,000	$ 950,000,000	$ 670,000,000
Amount Issued			112,265,000
Remaining to be Issued	$ 200,000,000	$ 950,000,000	$ 557,735,000

Debt Service Fund cash, investments and cash with paying agent balances as of December 31, 2025:	$ 2,729,276
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 6,499,489

See Note 3 for interest rate, interest payment dates and maturity dates.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding December 31, 2025	Paying Agent
$	$ 75,000	$ 76,263	$ 2,425,000	Regions Bank Houston, TX
	150,000	146,200	5,265,000	Regions Bank Houston, TX
	125,000	119,737	4,610,000	Regions Bank Houston, TX
	115,000	214,375	5,005,000	Regions Bank Houston, TX
	315,000	669,300	15,595,000	Regions Bank Houston, TX
		649,025	15,770,000	Regions Bank Houston, TX
		1,023,797	30,850,000	BOKF, N.A. Dallas, TX
31,155,000			31,155,000	BOKF, N.A. Dallas, TX
$ 31,155,000	$ 780,000	$ 2,898,697	$ 110,675,000	

Park Bonds	Defined Area Bonds
$ 80,000,000	$ 70,000,000
$ 80,000,000	$ 70,000,000

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 4,096,279	$ 2,386,027	$ 1,657,004
Wastewater Service	188,492	102,367	$ 5,408
Penalty and Interest	3,240	4,044	
Inspection Fees	19,665	24,190	13,120
Investment Revenues	190,804	128,493	88,153
Miscellaneous Revenues	109,028	56,728	100,100
TOTAL REVENUES	$ 4,607,508	$ 2,701,849	$ 1,863,785
EXPENDITURES			
Administrative:			
Professional Fees	$ 639,486	$ 446,168	$ 389,846
Contracted Services	313,082	326,204	372,093
Utilities	295,745	151,826	48,954
Repairs and Maintenance	1,168,360		
Other	58,134	762,393	268,898
Capital Outlay	34,678		
Payment to Bond Escrow		601,921	
TOTAL EXPENDITURES	$ 2,509,485	$ 2,288,512	$ 1,079,791
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,098,023	$ 413,337	$ 783,994
OTHER FINANCING SOURCES (USES)			
Developer Contributions	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 2,098,023	$ 413,337	$ 783,994
BEGINNING FUND BALANCE	2,010,219	1,596,882	812,888
ENDING FUND BALANCE	$ 4,108,242	$ 2,010,219	$ 1,596,882

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 1,209,932	$ 777,993	88.9 %	88.3 %	88.9 %	88.7 %	88.7 %
		4.1	3.8	0.3		
		0.1	0.1			
		0.4	0.9	0.7		
15,039	243	4.1	4.8	4.7	1.1	
139,533	98,974	2.4	2.1	5.4	10.2	11.3
$ 1,364,504	$ 877,210	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 334,370	$ 350,070	13.9 %	16.5 %	20.9 %	24.5 %	39.9 %
353,763	219,346	6.8	12.1	20.0	25.9	25.0
65,824	32,953	6.4	5.6	2.6	4.8	3.8
		25.4				
132,319	73,692	1.3	28.2	14.4	9.7	8.4
10,000		0.8			0.7	
			22.3			
$ 896,276	$ 676,061	54.6 %	84.7 %	57.9 %	65.6 %	77.1 %
$ 468,228	$ 201,149	45.4 %	15.3 %	42.1 %	34.4 %	22.9 %
$ - 0 -	$ 1,481					
$ 468,228	$ 202,630					
344,660	142,030					
$ 812,888	$ 344,660					

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 3,315,043	$ 1,931,593	$ 931,453
Penalty and Interest	132,586	52,475	28,640
Investment Revenues	111,227	86,424	58,564
Miscellaneous Revenues	44,727	412	630
TOTAL REVENUES	$ 3,603,583	$ 2,070,904	$ 1,019,287
EXPENDITURES			
Tax Collection Expenditures	$ 187,866	$ 76,877	$ 2,936
Debt Service Principal	780,000	435,000	325,000
Debt Service Interest and Fees	2,902,230	1,755,943	610,426
TOTAL EXPENDITURES	$ 3,870,096	$ 2,267,820	$ 938,362
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (266,513)	$ (196,916)	$ 80,925
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 648,542	$ 704,000	$ 346,050
NET CHANGE IN FUND BALANCE	$ 382,029	$ 507,084	$ 426,975
BEGINNING FUND BALANCE	1,514,616	1,007,532	580,557
ENDING FUND BALANCE	$ 1,896,645	$ 1,514,616	$ 1,007,532
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	226	167	80

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 302,490	$ 145,809	92.0 %	93.3 %	91.4 %	90.6 %	87.6 %
21,320	20,016	3.7	2.5	2.8	6.4	12.0
9,735	47	3.1	4.2	5.7	2.9	
365	593	1.2		0.1	0.1	0.4
$ 333,910	$ 166,465	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 888	$ 27,751	5.2 %	3.7 %	0.3 %	0.3 %	16.7 %
50,000		21.6	21.0	31.9	15.0	
337,200	81,237	80.5	84.8	59.9	101.0	48.8
$ 388,088	$ 108,988	107.3 %	109.5 %	92.1 %	116.3 %	65.5 %
$ (54,178)	$ 57,477	(7.3) %	(9.5) %	7.9 %	(16.3) %	34.5 %
$ 200,400	$ 311,300					
$ 146,222	$ 368,777					
434,335	65,558					
$ 580,557	$ 434,335					
N/A	N/A					
N/A	N/A					

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address - Southeast Regional Management District
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Blvd., Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Appointed)	Fees of office for the year ended December 31, 2025	Expense reimbursements for the year ended December 31, 2025	Position
Kendrick James	10/19 10/23 (Appointed)	$ -0-	$ -0-	Chairman
Travis Heuszel	06/21 10/21 (Appointed)	$ -0-	$ -0-	Vice President
James Cartwright	10/19 10/23 (Appointed)	$ -0-	$ -0-	Secretary
Mehmet Okumus	02/20 10/21 (Appointed)	$ -0-	$ -0-	Assistant Secretary
Vicki M. Clark	06/20 10/23 (Appointed)	$ -0-	$ -0-	Director

SOUTHEAST REGIONAL MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

Consultants:	Date Hired	Fees for the year ended December 31, 2025	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	02/01/16	$ 367,444 $ 687,673	Attorney Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/16/17	$ 17,750 $ 83,300	Auditor/ Bond Related
District Data Services	06/27/25	$ 24,045	Bookkeeper
ETI Bookkeeping Services	07/24/15	$ 29,187	Prior Bookkeeper
Tejas Engineering Management	02/15/16	$ 252,060	Engineer
EverNorth Management	12/11/23	$ 276,667	General Manager
The GMS Group	08/21/17	$ 677,200	Financial Advisor
Utility Tax Service	09/25/15	$ 78,605	Tax Assessor/ Collector
Municipal Operations & Consulting, Inc.		$ 74,636	Operator

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $ _____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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