OFFICIAL STATEMENT DATED NOVEMBER 2, 2026

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

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book-Entry-Only

Insured Rating (BAM) S&P "AA" (Stable Outlook)
See "MUNICIPAL BOND INSURANCE" herein

$2,500,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX ROAD BONDS, SERIES 2026A

Dated: December 1, 2026 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") for the Bonds. Interest on the Bonds will accrue from December 1, 2026, and be payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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



The scheduled payment of principal and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

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

Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373Q (b)	Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373Q (b)
2028	$ 50,000	7.500%	3.650%	ED1	2044	$ 115,000 (c)	5.000%	5.100%	EV1
2029	55,000	7.500%	3.700%	EE9	2045	120,000 (c)	5.125%	5.150%	EW9
2030	60,000	7.500%	3.800%	EF6	2046	125,000 (c)	5.125%	5.200%	EX7
2031	60,000	7.500%	3.900%	EG4	2047	130,000 (c)	5.125%	5.240%	EY5
2032	65,000	7.500%	4.000%	EH2	2048	140,000 (c)	5.125%	5.280%	EZ2
***	***	***	***	***	2049	145,000 (c)	5.125%	5.300%	FA6
2041	100,000 (c)	5.000%	4.900%	ES8	2050	155,000 (c)	5.125%	5.320%	FB4
2042	105,000 (c)	5.000%	5.000%	ET6	2051	160,000 (c)	5.125%	5.340%	FC2
2043	110,000 (c)	5.000%	5.050%	EU3	2052	170,000 (c)	5.125%	5.350%	FD0

$135,000 Term Bonds due September 1, 2034 (c) (d), 61373Q EK5 (b), 5.000% Interest Rate, 4.100% Yield (a)
$150,000 Term Bonds due September 1, 2036 (c) (d), 61373Q EM1 (b), 5.000% Interest Rate, 4.350% Yield (a)
$165,000 Term Bonds due September 1, 2038 (c) (d), 61373Q EP4 (b), 5.000% Interest Rate, 4.600% Yield (a)
$185,000 Term Bonds due September 1, 2040 (c) (d), 61373Q ER0 (b), 5.000% Interest Rate, 4.800% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from December 1, 2026, is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(c) Bonds maturing on and after September 1, 2034, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS-Redemption Provisions – Optional Redemption."

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

The Bonds, when issued, will constitute valid and legally binding obligations of Montgomery County Municipal Utility District No. 149 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe, or any entity other than the District. The Bonds are subject to special risk factors described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 8, 2026.

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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 representation must not be relied upon as having been authorized by the District.

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

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

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

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 "Municipal Bond Insurance" and "Appendix B- Specimen Municipal Bond Insurance Policy".

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

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

The Issuer ..... Montgomery County Municipal Utility District No. 149 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas, and within the corporate limits of the City of Conroe (the "City"). See "THE DISTRICT."

The Issue ..... $2,500,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on September 1 in the years 2028 through 2032, both inclusive, and 2041 through 2052, both inclusive, and as term bonds on September 1 in the years 2034, 2036, 2038 and 2040 (the "Term Bonds") in the principal amounts and accruing interest at the rates shown on the cover hereof. Interest on the Bonds accrues from December 1, 2026, and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

Redemption…… The Bonds maturing on and after September 1, 2034, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2032, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as described herein. See "THE BONDS- Redemption Provisions."

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

Authority for Issuance..... The Bonds are the third series of bonds issued out of an aggregate of $18,925,000 principal amount of unlimited tax bonds authorized by the District's voters on May 4, 2019, for the purpose of acquiring or constructing road facilities. The Bonds are issued by the District pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7917, Texas Special District Local Laws Code, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS— Authority for Issuance."

Source of Payment ..... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any other political subdivision or agency other than the District. See "THE BONDS-Source of and Security for Payment."

Use of Proceeds ..... Proceeds from the sale of the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," to pay developer interest, to capitalize twelve (12) months of interest on the Bonds and to pay certain other costs and fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Payment Record..... The District has previously issued two series of unlimited tax bonds and two series of unlimited tax road bonds, of which $7,730,000 in total principal amount remains

outstanding as of October 5, 2026 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds. The District will capitalize twelve (12) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Qualified Tax-Exempt Obligations ..... The Bonds have been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

Municipal Bond Insurance…… It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"), will assign its municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that upon 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 Build America Mutual Assurance Company ("BAM" or the "Insurer").

See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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

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

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

Engineer ..... Elevation Land Solutions, The Woodlands, Texas.

THE DISTRICT

Description ..... The District was created pursuant to Senate Bill 2027 of the 84th Legislature of the State of Texas, effective June 16, 2015, and codified as Chapter 7917, Texas Special District Local Laws Code. The District presently contains approximately 157.6 acres of land located approximately 50 miles north of downtown Houston, Texas. The District lies entirely within the corporate limits of the City of Conroe. The District is located west of Interstate Highway 45 and south of State Highway 105 near McCaleb Road. See "THE DISTRICT" and "AERIAL PHOTOGRAPH" herein.

Status of Development…..The District has been developed as Chapel Run, a predominantly single-family residential community. The Developer (as defined below) has financed the design and construction of water, sanitary sewer and drainage facilities to serve Chapel Run, Sections 1 through 5 (approximately 121.7 acres of land developed into 639 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in May 2022 and as of October 5, 2026, there are 421 completed and occupied homes, 7 unoccupied completed homes, 2 model homes, 2 homes under construction, 36 lots owned by builders, and 171 lots owned by the Developer. Homebuilding in the District is being conducted by Starlight Homes and Rausch Coleman Homes. New homes in the District range in offering prices from approximately $250,000 to $340,000.

Parks and recreational facilities have been constructed on approximately 2.8 acres. Approximately 33.1 acres of land are undevelopable and contained in drainage easements, rights-of-way, lakes and detention ponds, and plants. There is no land in the 100-year flood plain.

The Developer……..…. Chapel Run Development Company LLC, a Texas limited liability company ("Chapel Run") was created to own and develop approximately 157.6 acres within the District.

Chapel Run is an affiliate of the Signorelli Company and is referred to as the "Developer" herein.

The Signorelli Company is a privately owned real estate development company founded in 1994 by Daniel Signorelli. Neither The Signorelli Company nor any of its principals or affiliates is obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Chapel Run, or to pay any other obligations of Chapel Run.

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION

2026 Certified Taxable Assessed Valuation	$101,481,899	(a)
Estimated Taxable Assessed Valuation as of July 15, 2026	$109,720,599	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$10,230,000	
Estimated Overlapping Debt	$3,894,751	(c)
Gross Debt and Estimated Overlapping Debt	$14,124,751	
Ratios of Gross Debt to:		
2026 Certified Taxable Assessed Valuation	10.08%	
Estimated Taxable Assessed Valuation as of July 15, 2026	9.32%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	13.92%	
Estimated Taxable Assessed Valuation as of July 15, 2026	12.87%	
Fund Balances Available as of October 20, 2026:		
Operating Fund	$50,144	(d)
Road Capital Projects Fund	$34,208	(e)
Water, Sewer & Drainage Capital Projects Fund	$7,041	
Road Debt Service Fund	$208,456	(f)
Water, Sewer & Drainage Debt Service Fund	$207,930	(f)
2026 Tax Rate:		
WS&D Debt Service	$0.280	
Road Debt Service	0.280	
Maintenance and Operations	0.340	
Total	$0.900	(g)
Average Annual Debt Service Requirements (2027-2052) on the Bonds and the Outstanding Bonds ("Average Requirement")	$688,231	
Maximum Annual Debt Service Requirements (2047) on the Bonds and the Outstanding Bonds ("Maximum Requirement")	$747,456	
Tax rate required to pay the Average Requirement based upon:		
2026 Certified Taxable Assessed Valuation at a 95% collection rate	$0.72 /$100 A.V.	
Estimated Taxable Assessed Valuation as of July 15, 2026 at a 95% collection rate	$0.67 /$100 A.V.	
Tax rate required to pay the Maximum Requirement based upon:		
2026 Certified Taxable Assessed Valuation at a 95% collection rate	$0.78 /$100 A.V.	
Estimated Taxable Assessed Valuation as of July 15, 2026 at a 95% collection rate	$0.72 /$100 A.V.	

(a) The 2026 Certified Taxable Assessed Valuation shown herein includes $95,157,150 of certified value and $6,324,749 of uncertified value. The uncertified value represents Montgomery Central Appraisal District's (the "Appraisal District") opinion of the value; however, such value is subject to review and downward adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAX PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on July 15, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such an amount until it is certified. Increases in value occurring between January 1, 2026, and July 15, 2026, will be certified as of January 1, 2027, and provided for purposes of taxation in the fall of 2027. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

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

(e) Includes $30,000 of surplus funds to be applied towards the projects being financed by the Bonds at closing. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) Accrued interest and twelve (12) months of capitalized interest on the Bonds will be deposited to the Road Debt Service Fund at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, including the Bonds (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities (the "Water, Sewer and Drainage Bonds"). See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds and the Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds.

(g) See "TAX DATA – Tax Rate Distribution."

OFFICIAL STATEMENT

$2,500,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX ROAD BONDS, SERIES 2026A

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 149 (the "District") of its $2,500,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7917, Texas Special District Local Laws Code, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developer of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Montgomery County, the City of Conroe or any other entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Vacant Lots

All developable acres of land within the District have been provided with water, sanitary sewer, storm drainage and detention facilities and roads necessary for construction of taxable improvements. There are currently 171 vacant developed lots available for home construction in Chapel Run Section 5. Failure of the builders to construct homes on the developed lots could restrict the rate of growth of taxable values in the District. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation as to when or if development of this acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT—Status of Development."

Operating Funds

The District's only significant sources of revenue to pay its operating expenses are advances from the Developer and maintenance tax proceeds. The District's Operating Fund balance as of October 20, 2026, is $50,144. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued homebuilding, (2) increased amounts of maintenance tax revenue, and (3) as necessary, advances from the Developer. In the event that funds are not made available by the Developer, the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such an increase may result in a total District tax in excess of similar developments and could adversely affect continued homebuilding in the District, as well as the willingness of taxpayers to pay taxes on their property.

Landowner Obligation to the District

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land.

Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2026 Certified Taxable Assessed Valuation of the District is $101,481,899 and the Estimated Taxable Assessed Valuation as of July 15, 2026, is $109,720,599. See "FINANCIAL STATEMENT (UNAUDITED)." After issuance of the Bonds, the maximum annual debt service requirement will be $747,456 (2047) and the average annual debt service requirement will be $688,231 (2027-2052). Assuming no increase or decrease from the 2026 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.78 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $747,456 and a tax rate of $0.72 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $688,231. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 15, 2026, and no use of funds other than tax collections, a tax rate of $0.72 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $747,456 and a tax rate of $0.67 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $688,231. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding the average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of July 15, 2026, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 50 miles north of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic

conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

Increase in Costs of Building Materials and Labor Shortages

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

Competition

The demand for and construction of single-family homes in the District could be affected by competition from other residential developments including other residential developments located in Montgomery County. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Severe Weather

The greater Houston area, including the District, 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 greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e., "500-year flood" events) since 2015. If a future weather event 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 in 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.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Future Debt

After issuance of the Bonds, the District will have $12,575,000 principal amount of unlimited tax bonds authorized but unissued for roads and refunding of such outstanding bonds, $33,680,000 principal amount of unlimited tax bonds authorized but unissued for financing water, sanitary sewer, drainage and storm sewer facilities and refunding of such outstanding bonds, and $19,610,000 principal amount of unlimited tax bonds authorized but unissued for financing parks and recreational facilities and refunding of such outstanding bonds.

The Developer has financed or is financing the engineering and construction costs of water, sewer, drainage, road and park facilities to serve development in the District. After reimbursement from proceeds of the Bonds, the Developer will have expended approximately $16,400,000 for design, construction and acquisition of District utilities, roads, and parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission, if applicable. The District makes no representation that any additional development or homebuilding will occur within the District. Further, the principal amount of parks and recreational facilities bonds sold by the District is limited to one percent of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District. Issuance of additional bonds may dilute the investment security for the Bonds. See "THE BONDS—Issuance of Additional Debt."

Tax Collection Limitations

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

against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser (as defined herein) has entered into an agreement with Build America Mutual Assurance Company (the "Insurer") for the purchase of a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. Investors should be aware of the following risk factors:

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

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

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

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.

THE BONDS

General

The Bonds will be dated and accrue interest from December 1, 2026, which interest is payable on March 1, 2027, and on each September 1 and March 1 thereafter, until the earlier of maturity or prior redemption. The Bonds mature

on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

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

Authority for Issuance

At a bond election held within the District on May 4, 2019, the voters of the District authorized the issuance of a total of $18,925,000 principal amount of unlimited tax bonds for acquiring and constructing road facilities and refunding of such outstanding bonds. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, $12,575,000 principal amount of unlimited tax bonds will remain authorized but unissued for acquiring and constructing road facilities and refunding of such outstanding bonds. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7917, Texas Special District Local Laws Code, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, and the Bond Resolution.

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

Source of and Security for Payment

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

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

Funds

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

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

Accrued interest and twelve (12) months of capitalized interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing District road facilities, to pay developer interest and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or

before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

No Arbitrage

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in the years 2034, 2036, 2038 and 2040 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption").

$135,000 Term Bonds
Due September 1, 2034

Mandatory Redemption Date	Principal Amount
2033	$ 65,000
2034 (maturity)	70,000

$150,000 Term Bonds
Due September 1, 2036

Mandatory Redemption Date	Principal Amount
2035	$ 75,000
2036 (maturity)	75,000

$165,000 Term Bonds
Due September 1, 2038

Mandatory Redemption Date	Principal Amount
2037	$ 80,000
2038 (maturity)	85,000

$185,000 Term Bonds
Due September 1, 2040

Mandatory Redemption Date	Principal Amount
2039	$ 90,000
2040 (maturity)	95,000

On or before 30 days prior to each Mandatory Redemption Date set forth above the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or has been

optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2034, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2032, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Record Date

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

Registration and Transfer

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

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal

amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

After issuance of the Bonds, the District will have $12,575,000 principal amount of unlimited tax bonds authorized but unissued for roads and refunding of such outstanding bonds, $33,680,000 principal amount of unlimited tax bonds authorized but unissued for financing water, sanitary sewer, drainage and storm sewer facilities and refunding of such outstanding bonds, and $19,610,000 principal amount of unlimited tax bonds authorized but unissued for financing parks and recreational facilities and refunding of such outstanding bonds. The District anticipates issuing additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purposes. The District has adopted a park plan and conducted a bond election which resulted in voter approval of $19,610,000 principal amount of unlimited tax park bonds, all of which remains authorized but unissued. Before the District issues park bonds payable from taxes, the following actions are required: (a) approval of the park bonds by the Commission; and (b) approval of the bonds by the Attorney General of Texas. When the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District.

Issuance of additional bonds could dilute the investment security for the Bonds.

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.

Remedies in Event of Default

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

similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS-Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency'' registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings 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 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser takes any responsibility for the accuracy thereof.

THE DISTRICT

General

The District was created pursuant to Senate Bill 2027 of the 84th Legislature of the State of Texas, effective June 16, 2015, codified as Chapter 7917, Texas Special District Local Laws Code and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within the corporate limits of the City of Conroe and within the Conroe Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to

establish parks and recreational facilities and to construct road facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Conroe which limit the purposes for which the District may sell bonds; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Conroe of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City of Conroe. Construction and operation of the District's system are subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM."

Description and Location

The District presently contains approximately 157.6 acres of land. The District is located approximately 50 miles north of downtown Houston, Texas. The District is located west of Interstate Highway 45 and south of State Highway 105 near McCaleb Road. See "AERIAL PHOTOGRAPH."

Land Use

Single Family Residential	Approximate Acres	Lots
Chapel Run Section 1	17.8	74
Chapel Run Section 2	12.9	70
Chapel Run Section 3	26.5	147
Chapel Run Section 4	32.4	177
Chapel Run Section 5	32.1	171
Subtotal…..	**121.7**	**639**
Future Development….....	0.0	
Parks/Recreation….....	2.8	
Non-Developable (a)….....	33.1	
Total…..	**157.6**	

(a) Drainage easements, rights-of-way, lakes and detention ponds, and plants. Not planned for future development.

Status of Development

The District has been developed as Chapel Run, a predominantly single-family residential community. The Developer (as defined below) has financed the design and construction of water, sanitary sewer and drainage facilities to serve Chapel Run, Sections 1 through 5 (approximately 121.7 acres of land developed into 639 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in May 2022 and, as of October 5, 2026, there are 421 completed and occupied homes, 7 unoccupied completed homes, 2 model homes, 2 homes under construction, 36 lots owned by a builder, and 171 lots owned by the Developer.

Parks and recreational facilities have been constructed on approximately 2.8 acres. Approximately 33.1 acres of land are undevelopable and contained in drainage easements, rights-of-way, lakes and detention ponds, and plants. There is no land in the 100-year flood plain.

Homebuilders

Homebuilding in the District is being conducted by Starlight Homes and Rausch Coleman Homes. New homes in the District range in offering prices from approximately $250,000 to $340,000.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. According to the District's Engineer, none of the acreage within the District is located within the 100-year flood plain. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location. See "RISK FACTORS –Severe Weather."

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

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Each of the five current Directors owns land and/or resides in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The Directors of the District are listed below:

Name	District Board Title	Term Expires
Walt Rosenbusch	President	May 2030
Brittany Greene	Vice President	May 2028
Cameron King	Secretary	May 2030
Brett Vinzant	Assistant Vice President	May 2028
James Terry	Assistant Secretary	May 2028

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

Tax Assessor/Collector

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

Bookkeeper

The District has engaged District Data Services, Inc. to serve as the District's bookkeeper.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Elevation Land Solutions (the "Engineer").

Bond Counsel and General Counsel

The District has engaged Allen Boone Humphries Robinson LLP as General Counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered

and, therefore, such fees are contingent on the sale and delivery of the Bonds. The legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

Financial Advisor

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

Disclosure Counsel

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

Auditor

As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended June 30, 2026, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's June 30, 2026, audited financial statements.

THE DEVELOPER

Role of the Developer

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

Neither the Developer nor any affiliates of the Developer, if any, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developer has no binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries. See "RISK FACTORS."

Chapel Run Development Company LLC

Chapel Run Development Company LLC, a Texas limited liability company ("Chapel Run") was created to own and develop approximately 157.6 acres within the District. Chapel Run is an affiliate of the Signorelli Company and is referred to as the "Developer" herein.

The Signorelli Company is a privately owned real estate development company founded in 1994 by Daniel Signorelli. Neither The Signorelli Company nor any of its principals or affiliates is obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Chapel Run or to pay any other obligations of Chapel Run.

The Developer has obtained financing for a portion of the development of the District through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $69,420,000 Special Revenue Bonds (Signorelli Projects, Municipal Utility Districts, Montgomery and Waller Counties, Texas), Series 2024 (the "PFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations

and Certifications for Tax Purposes to the PFA with respect to the issuance of the PFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the PFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

UTILITY AGREEMENT WITH THE CITY OF CONROE

The District operates pursuant to a certain Utility Functions Agreement with the City of Conroe (the "City") dated as of July 1, 2019 (the "Utility Agreement"). Pursuant to the Utility Agreement, the District will (i) acquire for the benefit of, and for ultimate conveyance to, the City, the water distribution, sanitary sewer collection, transportation and treatment, and stormwater collection, and drainage system, roads, and parks and recreational facilities needed to serve lands being developed within and near the boundaries of the District (the "Facilities"), and (ii) acquire and construct certain Central Water and Sewer Facilities (defined below), for which the City will make certain prepayments to the District. In addition to such prepayments, the City was required to construct a waterline and regional water plant adequate to serve the District, both of which have been completed.

The Facilities: The Utility Agreement provides that the Facilities must be designed and constructed in compliance with all applicable requirements and criteria of the City, and of any other authorities having regulatory jurisdiction or authority over the financing, construction or operation of the Facilities. The design and construction of the Facilities is subject to the review and approval of the City. The Utility Agreement provides that the Facilities must be constructed by or on behalf of the District at the District's sole expense. However, certain of the Facilities are oversized to serve areas not within the District (the "Central Water and Sewer Facilities"). The District must provide the necessary engineering and construction for the Central Water and Sewer Facilities; however, the City will advance funds to the District for the Central Water and Sewer Facilities in a total amount not to exceed $1,426,295. As with all of the Facilities, the plans and specifications for the Central Water and Sewer Facilities are subject to review and approval of the City.

Authority of District to Issue Bonds: The District has the authority to issue, sell, and deliver bonds from time to time, as deemed necessary and appropriate by the District's Board of Directors, as permitted by federal law, state law, and the City's Consent Resolution. Unless and until the City dissolves the District and assumes the District's assets and obligations, bonds issued by the District remain obligations solely of the District and may not be construed to be obligations or indebtedness of the City.

Ownership, Operation and Maintenance of the Facilities: The Utility Agreement provides that, as the Facilities are acquired and constructed, the District must convey the Facilities to the City, including all warranties. As construction of each phase of the Facilities is completed, representatives of the City must inspect the completed Facilities. If the City finds that the Facilities have been completed in accordance with the final plans and specifications, the City must accept the Facilities, and the District must convey the Facilities to the City. If the Facilities have not been completed in accordance with the final plans and specifications, the City must advise the District of the manner in which the Facilities do not comply. The District must immediately correct any defects, at which time the City must again inspect the Facilities, and accept them if the defects have been corrected. After conveyance of Facilities to the City by the District, the City must operate and maintain the Facilities at its sole expense; provided, however, that the District shall be responsible for maintenance of (i) stormwater detention ponds or channels located within the District, and (ii) parks and recreational facilities located within the District.

Rates for Service: Under the Utility Agreement, the City agrees to bill and collect from customers of the Facilities such rates and charges from such customers of the Facilities as the City, in its sole discretion, determines are necessary, provided that the rates and charges for services afforded by the Facilities will be equal and uniform to those charged other similar classifications of users in non-municipal utility district areas of the City. In addition, the City may impose a charge for connection to the Facilities at a rate determined by the City, provided the charge is equal to sums charged to other City users for comparable connections.

Dissolution of the District: The City has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations in accordance with state law. The Utility Agreement provides, however, that the City may not dissolve the District until at least 90% of the Facilities required to serve the District have been developed. Furthermore, the City may not dissolve the District until (i) the Developer(s) developing Facilities in the District have been reimbursed by the District to the maximum extent permitted by state law, or (ii) the City assumes any obligation for such reimbursement of the District. If requested by the District, the City shall afford the District

the opportunity to discharge any remaining District obligations by either (i) authorizing the District to sell its bonds before or during a transition period prior to the effective date of the dissolution, as established by the City, or (ii) pursuant to state law, issue and sell bonds of the City in at least the amount necessary to discharge the District's obligations, including those under any utility development and reimbursement agreements with developers in the District.

THE SYSTEM

Water Supply

The District receives its water supply from the City. Pursuant to the Utility Agreement, the City will serve the customers of the District at in-city rates. The City may impose tap or connection fees for each service connection.

There are no emergency interconnects.

The District's water supply capacity provided by the City is currently serving the existing 421 Equivalent Single-Family Connections ("ESFC") and is adequate to serve the planned future development in the District.

Wastewater Treatment

The District receives wastewater treatment service from capacity owned by the City in a wastewater treatment plant operated by Montgomery County Utility District No. 3 ("MC MUD No. 3"). MC MUD No. 3 operates a plant under Texas Pollutant Discharge Elimination System Permit No. WQ0011203001, which authorizes a final flow of 1.5 MGD from the plant.

The City will serve the customers of the District at in-city rates. The City may impose tap or connection fees for each service connection. The District's wastewater treatment capacity provided by the City and MC MUD No. 3 is currently serving the existing 421 ESFCs and is adequate to serve the planned future development in the District.

Storm Water Drainage

Storm water within the District generally drains via curb and gutter streets with a network of underground lines which outfall to detention ponds and then into Base Creek.

THE ROAD SYSTEM

The road system, including the projects being funded with proceeds of the Bonds, serves the residents of the District by providing access to major thoroughfares and collector roads within the District and the surrounding area. The internal subdivision streets and collector road convey the residents of the District to McCaleb Road. All roads are maintained or will be maintained by the City of Conroe. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

USE AND DISTRIBUTION OF BOND PROCEEDS

The use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $1,820,349 is for construction costs, $485,285 is for non-construction costs, and $194,366 is for issuance costs and fees.

I. CONSTRUCTION COSTS		
Developer Contribution Items		
1) Chapel Run Section 3 Paving	$	883,305
2) Chapel Run Section 4 Paving		469,549
3) Engineering for Item 1		162,632
4) Material Testing for Item 1		46,766
5) Land Acquisition Costs		288,097
Gross Construction Cost	**$**	**1,850,349**
Less Surplus Bond Funds	**$**	**(30,000)** (a)
Net Construction Cost	**$**	**1,820,349**
II. NON-CONSTRUCTION COSTS		
• Developer Interest	$	285,285
• Capitalized Interest (12 months)		125,000
• Bond Discount (b)		74,927
• Contingency (b)		73
Total Non-Construction Costs	**$**	**485,285**
III. ISSUANCE COSTS AND FEES		
• Legal Fees	$	75,000
• Fiscal Agent Fees		50,000
• Bond Issuance Expenses		46,866
• Road Bond Report Cost		20,000
• Attorney General Fees (0.10% or $9,500 Max.)		2,500
Total Issuance Costs and Fees	**$**	**194,366**
TOTAL BOND ISSUE	**$**	**2,500,000**

(a) Includes $30,000 of surplus Road Capital Project funds to be applied towards the projects to be financed by the Bonds at closing. See "FINANCIAL STATEMENT (UNAUDITED) – Cash and Investment Balances."

(b) Contingency represents the difference in estimated and actual amounts of Bond Discount.

Future Debt

The Developer has financed or is financing the engineering and construction costs of water, sewer, drainage, road, and park facilities to serve development in the District. After reimbursement from the proceeds of the sale of the Bonds, the Developer will have expended approximately $16,400,000 for design, construction and acquisition of District utilities, roads, and parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission, if applicable. The District makes no representation that any additional development will occur within the District. Further, the principal amount of parks and recreational facilities bonds sold by the District is limited to one percent of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District. See "THE BONDS—Issuance of Additional Debt" and "RISK FACTORS —Future Debt."

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/4/2019	Roads & Refunding	$18,925,000	$6,350,000 *	$12,575,000
5/4/2019	Water, Sewer and Drainage & Refunding	$37,680,000	$4,000,000	$33,680,000
5/4/2019	Parks & Refunding	$19,610,000	$0	$19,610,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$101,481,899	(a)
Estimated Taxable Assessed Valuation as of July 15, 2026	$109,720,599	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$10,230,000	
Estimated Overlapping Debt	$3,894,751	(c)
Gross Debt and Estimated Overlapping Debt	$14,124,751	
Ratios of Gross Debt to:		
2026 Certified Taxable Assessed Valuation	10.08%	
Estimated Taxable Assessed Valuation as of July 15, 2026	9.32%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	13.92%	
Estimated Taxable Assessed Valuation as of July 15, 2026	12.87%	

Area of District: 157.6 acres

Estimated 2026 Population: 1,474 (d)

(a) The 2026 Certified Taxable Assessed Valuation shown herein includes $95,157,150 of certified value and $6,324,749 of uncertified value. The uncertified value represents Montgomery Central Appraisal District's (the "Appraisal District") opinion of the value; however, such value is subject to review and downward adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAX PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on July 15, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such an amount until it is certified. Increases in value occurring between January 1, 2026, and July 15, 2026, will be certified as of January 1, 2027, and provided for purposes of taxation in the fall of 2027. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(d) Based on 3.5 persons per occupied single-family residence.

Cash and Investment Balances (unaudited as of October 20, 2026)

Operating Fund	Cash and Temporary Investments	$50,144	(a)
Road Capital Projects Fund	Cash and Temporary Investments	$34,208	(b)
WS&D Capital Projects Fund	Cash and Temporary Investments	$7,041	
Road Debt Service Fund	Cash and Temporary Investments	$208,456	(c)
WS&D Debt Service Fund	Cash and Temporary Investments	$207,930	(c)

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

(b) Includes $30,000 of surplus Road Capital Projects funds to be applied towards the projects to be financed by the Bonds at closing. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(c) Accrued interest and twelve (12) months of capitalized interest on the Bonds will be deposited to the Road Debt Service Fund at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, including the Bonds (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities (the "Water, Sewer and Drainage Bonds"). See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds, and the Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds.

Outstanding Bonds

Series		Original Principal Amount	Principal Amount Outstanding as of October 5, 2026
2023	(a)	$2,100,000	$2,010,000
2024		$1,500,000	$1,470,000
2025	(a)	$1,750,000	$1,750,000
2026		$2,500,000	$2,500,000
			$7,730,000

(a) Unlimited Tax Road Bonds.

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ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Conroe ISD	$2,844,260,000	08/31/26	0.08%	$2,275,408
City of Conroe	466,075,000	08/31/26	0.29%	1,351,618
Montgomery County	535,450,000	08/31/26	0.05%	267,725
Total Estimated Overlapping Debt				$3,894,751
The District	$10,230,000 (a)	Current	100.00%	10,230,000
Total Direct and Estimated Overlapping Debt				$14,124,751
Ratios of Total Direct and Estimated Overlapping Debt to:				
2026 Certified Taxable Assessed Valuation				13.92%
Estimated Taxable Assessed Valuation as of July 15, 2026				12.87%

(a) Includes the Bonds.

Overlapping Tax Rates for 2026

	2026 Tax Rate per $100 of Taxable Assessed Valuation
Conroe ISD	$ 0.947100
City of Conroe	0.427200
Montgomery County	0.386000
Total Overlapping Tax Rate	$ 1.760300
The District	0.900000
Total Tax Rate	$ 2.660300

TAX DATA

Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Tax Levy	Total Collections As of September 30, 2026 Amount	Percent
2022	5,396,140	0.90	48,565	48,565	100.00%
2023	20,356,330	0.90	183,309	183,207	99.94%
2024	49,251,140	0.90	443,260	440,707	99.42%
2025	75,476,701	0.90	679,290	620,858	91.40% [a]
2026	101,481,899 [b]	0.90	913,337	*(In process of Collections)*	[c]

(a) A late supplement for properties omitted from the original 2025 certified tax rolls was received from the Appraisal District in May 2026, which resulted in a delay in collections for the tax year 2025 for such properties. The District expects its collections for 2025 will ultimately be similar to previous years.
(b) Includes $6,324,749 of value that remains uncertified.
(c) Taxes for 2026 are due by January 31, 2027.

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

Tax Rate Distribution

	2026	2025	2024	2023	2022
WS&D Debt Service	$ 0.280	$ 0.170	$ -	$ -	$ -
Road Debt Service	0.280	0.365	0.355	-	-
Maintenance and Operations	0.340	0.365	0.545	0.90	0.90
Total	$ 0.900	$ 0.900	$ 0.900	$ 0.900	$ 0.900

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.50 per $100 of taxable assessed valuation.
Road Maintenance: $0.25 per $100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District has levied a water, sewer and drainage debt service tax of $0.280 per $100 of taxable assessed valuation and a road debt service tax of $0.280 per $100 of taxable assessed valuation for 2026.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on May 4, 2019, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.50 per $100 of taxable assessed valuation. Such tax is in addition to taxes which the District is

authorized to levy for paying principal and interest on the District's bonds. The District has levied a maintenance and operations tax for 2026 in the amount of $0.340 per $100 of taxable assessed valuation.

Tax Exemptions

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

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2026 certified tax rolls, which reflect ownership at January 1, 2026.

Taxpayer	Type of Property	2026 Taxable Assessed Valuation	% of 2026 Taxable Assessed Valuation
SFR Fund VI Borrower, LLC	Land & Improvements	$ 4,551,171	4.48%
ARG VI LLC (a)	Land & Improvements	1,254,031	1.24%
Individual	Residential	835,372	0.82%
Houston LD, LLC (a)	Land & Improvements	805,000	0.79%
Individual	Residential	666,002	0.66%
SFR Crown Jewel Borrower, LP	Land & Improvements	619,019	0.61%
Individual	Residential	597,000	0.59%
Individual	Residential	515,023	0.51%
Individual	Residential	468,044	0.46%
Chapel Run Development Co. LLC (b)	Land	452,485	0.45%
Total		$ 10,763,147	10.61%

(a) Affiliate of Rausch Coleman Homes. See "THE DISTRICT – Homebuilders."
(b) See "THE DEVELOPER."

Summary of Assessed Valuation

The following summary of the 2026, 2025, 2024, 2023 and 2022 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2026, 2025, 2024, 2023 and 2022 tax rolls of the District. A breakdown of the Estimated Taxable Assessed Valuation as of July 15, 2026, is not available from the Appraisal District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2026 (a)	2025	2024	2023	2022
Land	$24,064,379	$23,971,895	$16,102,601	$7,458,430	$5,265,600
Improvements	82,090,220	54,458,735	35,331,588	13,420,830	130,540
Personal Property	792,603	584,639	46,154	12,668	-
Exemptions	(5,465,303)	(3,538,568)	(2,229,203)	(535,598)	-
Total Assessed Valuation	$101,481,899	$75,476,701	$49,251,140	$20,356,330	$5,396,140

(a) Includes $6,324,749 of value that remains uncertified.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2026 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of July 15, 2026, no use of available funds and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Bonds and the Outstanding Bonds.

Average annual debt service requirement (2027-2052)……..	$688,231
$0.72 tax rate on the 2026 Taxable Assessed Valuation of $101,481,899 at a 95% collection rate produces……..	$694,136
$0.67 tax rate on the Estimated Taxable Assessed Valuation as of July 15, 2026 of $109,720,599 at a 95% collection rate produces……..	$698,372
Maximum annual debt service requirement (2047)……..	$747,456
$0.78 tax rate on the 2026 Taxable Assessed Valuation of $101,481,899 at a 95% collection rate produces……..	$751,981
$0.72 tax rate on the Estimated Taxable Assessed Valuation as of July 15, 2026 of $109,720,599 at a 95% collection rate produces……..	$750,489

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. 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 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.

Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property 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 before 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, 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 that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer 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

that are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law.

Tax Abatement

Montgomery County or the City of Conroe may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County, the District, and the City of Conroe, under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the applicable Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the applicable Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to a cumulative 10 percent annual increase regardless of the market value of the property.

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

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

to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the applicable Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues 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, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts:

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

Developing Districts:

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

The District:

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all

state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT-Overlapping Tax Rates for 2026." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Tax Payment Installments after Disaster

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

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

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OPERATIONS

General

The Bonds and Outstanding 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. Net revenues, if any, derived from the operation of the District are not pledged to the payment of the Bonds and Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that significant revenues, if any, will be available for the payment of debt service on the Bonds and Outstanding Bonds.

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the 2026, 2025, 2024, 2023 and 2022 fiscal years. Reference is made to such records and statements for further and more complete information. See "RISK FACTORS – Operating Funds."

	Fiscal Year Ended June 30				
	2026	2025	2024	2023	2022
GENERAL FUND					
Revenues:					
Property Taxes	$ 261,190	$ 261,523	$ 174,744	$ 47,575	$ 7,620
Penalties and Interest	-	-	630	180	-
Miscellaneous	-	221	9,102	2,205	30
Investment Earnings	85	179	140	1,531	1,188
Total Revenues	$ 261,275	$ 261,923	$ 184,616	$ 51,491	$ 8,838
Expenditures:					
Operating and Administrative					
Professional Fees	$ 105,140	$ 166,587	$ 152,661	$ 109,487	$ 49,766
Contracted Services	18,268	17,418	19,859	16,589	22,010
Repairs and Maintenance	128,729	105,981	115,308	120,301	-
Utilities	3,320	2,909	2,430	1,351	-
Administrative	26,069	26,802	26,184	18,206	15,649
Other	-	2,521	5,559	3,535	2,257
Total Expenditures	$ 281,526	$ 322,218	$ 322,001	$ 269,469	$ 89,682
Net Revenues	$ (20,251)	$ (60,295)	$ (137,385)	$ (217,978)	$ (80,844)
Other Financing Sources					
Developer Advances (a)	$ -	$ 200,000	$ 85,000	$ 300,000	$ 67,000
Net Change in Fund Balance	$ (20,251)	$ 139,705	$ (52,385)	$ 82,022	$ (13,844)
Fund Balance Beginning of Period	$ 141,584	$ 1,879	$ 54,264	$ (27,758)	$ (13,914)
Fund Balance End of Period	$ 121,333	$ 141,584	$ 1,879	$ 54,264	$ (27,758)

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

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service on the Outstanding Bonds and the debt service requirements for the Bonds. This schedule does not reflect the fact that eighteen (18) months of interest was capitalized from the proceeds of Series 2026 Bonds, and twelve (12) months of interest will be capitalized from bond proceeds to pay debt service on the Bonds.

Year	Outstanding Debt Service	Debt Service on the Bonds			Total Debt Service
		Principal	Interest	Total	
2027	545,088	-	$ 100,261	$ 100,261	645,348
2028	548,800	$ 50,000	133,681	183,681	732,481
2029	551,475	55,000	129,931	184,931	736,406
2030	543,088	60,000	125,806	185,806	728,894
2031	545,825	60,000	121,306	181,306	727,131
2032	538,538	65,000	116,806	181,806	720,344
2033	538,750	65,000	111,931	176,931	715,681
2034	543,525	70,000	108,681	178,681	722,206
2035	547,525	75,000	105,181	180,181	727,706
2036	545,844	75,000	101,431	176,431	722,275
2037	553,581	80,000	97,681	177,681	731,263
2038	550,406	85,000	93,681	178,681	729,088
2039	556,669	90,000	89,431	179,431	736,100
2040	556,775	95,000	84,931	179,931	736,706
2041	556,075	100,000	80,181	180,181	736,256
2042	559,663	105,000	75,181	180,181	739,844
2043	557,219	110,000	69,931	179,931	737,150
2044	558,900	115,000	64,431	179,431	738,331
2045	564,375	120,000	58,681	178,681	743,056
2046	568,506	125,000	52,531	177,531	746,038
2047	571,331	130,000	46,125	176,125	747,456
2048	567,900	140,000	39,463	179,463	747,363
2049	413,494	145,000	32,288	177,288	590,781
2050	411,600	155,000	24,856	179,856	591,456
2051	309,013	160,000	16,913	176,913	485,925
2052	-	170,000	8,713	178,713	178,713
Total	$ 13,303,963	$ 2,500,000	$ 2,090,036	$ 4,590,036	$17,893,999

Average Annual Debt Service Requirements (2027-2052)…… $688,231
Maximum Annual Debt Service Requirements (2047)…… $747,456

LEGAL MATTERS

Legal Proceedings

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

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

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

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986.

An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include

tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

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

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors

with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.002934% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 5.333077% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

MUNICIPAL BOND 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 Appendix B 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: www.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 September 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $521.2 million, $308.9 million and $212.3 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 www.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.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

> "THE DISTRICT" – Chapel Run Development Company LLC, (the "Developer"), Elevation Land Solutions ("Engineer"), and Records of the District ("Records"); "THE DEVELOPER" – Developer; "THE SYSTEM" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT (UNAUDITED)" - Montgomery Central Appraisal District and Utility Tax Service, LLC, Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - Utility Tax Service, LLC; "MANAGEMENT" – Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" - Allen Boone Humphries Robinson LLP.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Elevation Land Solutions and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

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

Auditor: As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended June 30, 2026, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's June 30, 2026, audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT (UNAUDITED)," (except for Estimated Overlapping Debt), "TAX DATA" and in "APPENDIX A" (Audited Financial Statements of the District). The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2027.

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under the federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

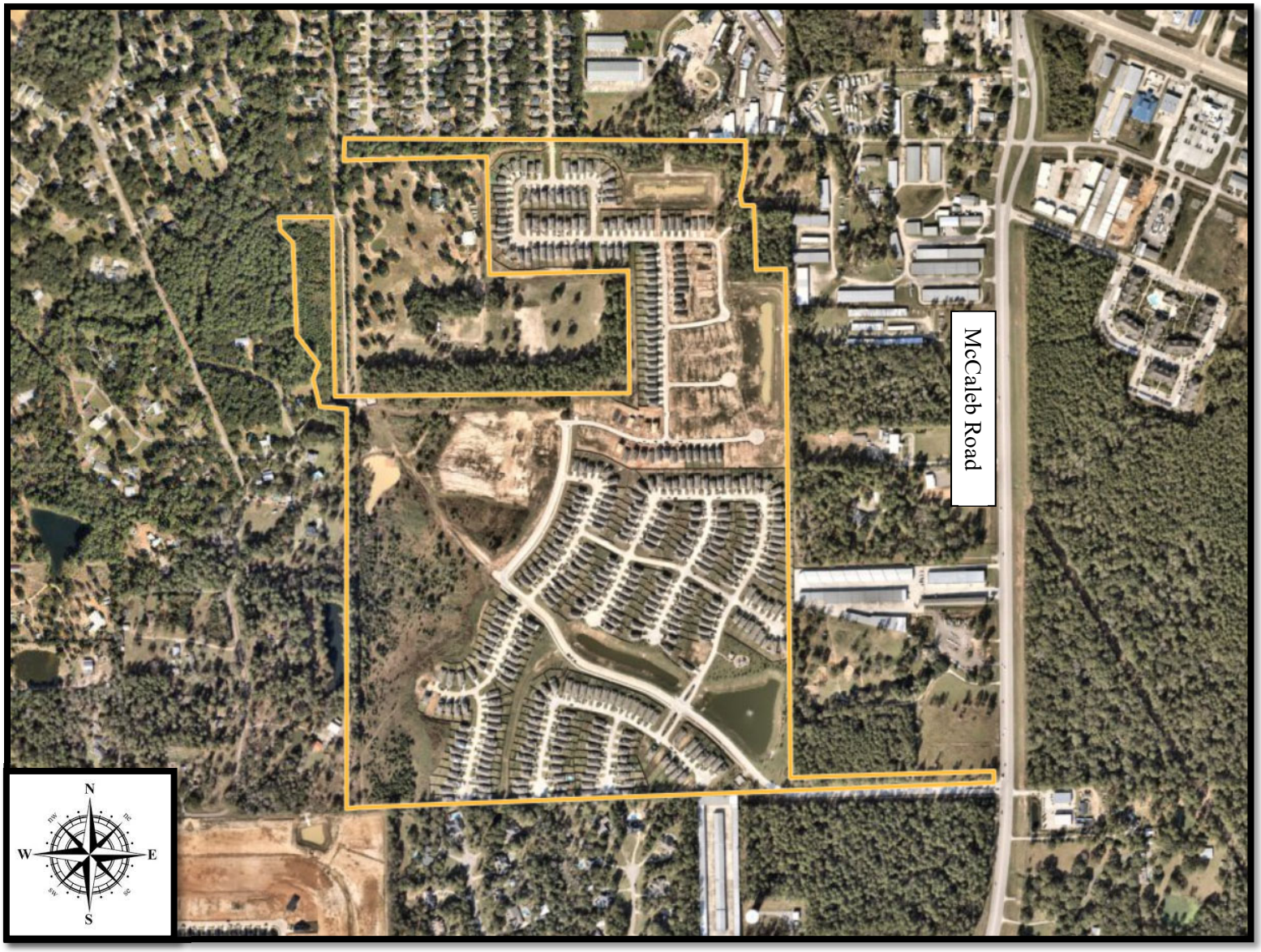
This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 149, as of the date shown on the cover page.

/s/Walt Rosenbusch
President, Board of Directors
Montgomery County Municipal Utility District No. 149

ATTEST:

/s/Cameron King
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 149

AERIAL PHOTOGRAPH



PHOTOGRAPHS

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


CHAPEL RUN


LENNAR
888-671-8175
















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APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended June 30, 2026.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2026

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Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 149
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 149 (the "District"), as of and for the year ended June 30, 2026, 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 Montgomery County Municipal Utility District No. 149, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
October 5, 2026

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Management's Discussion and Analysis

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Overview of the District

The management's discussion and analysis (MD&A) section of this financial report is intended to help readers understand the financial condition of Montgomery County Municipal Utility District No. 149 (the "District") as presented in the financial statements and notes, and the reasons it changed from the prior year. The analysis draws on information presented elsewhere in this financial report and provides management's perspective based on its knowledge of the District's financial condition and activities during the fiscal year.

The District is a municipal utility district created under the Texas Water Code. Its primary purpose is to finance and construct the public infrastructure necessary to provide water and wastewater service, stormwater drainage, roads, and parks within its boundaries. Pursuant to a utility agreement with the City of Conroe, most completed utility facilities and roads are conveyed to the City, which owns, operates, and maintains the utility system and provides water and wastewater service to District residents. While completed utility facilities and roads are conveyed to the City, the costs of constructing those utility facilities and roads are reflected in the District's financial statements and can have a significant impact on its financial position and changes in financial position.

Overview of the Financial Statements

The District's financial report contains basic financial statements that present the District's finances at both an overall government-wide level and a detailed fund level.

Government-wide financial statements focus on the District's overall financial position and both its long-term and short-term activities. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

The fund financial statements consist of the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. These statements focus on specific activities and report on the District's use of available financial resources and the balances of those resources at year end. In addition to its main operating fund, the General Fund, the District has established funds to account for the repayment of debt, the disbursement of bond proceeds, and the operation of jointly owned facilities.

Rather than presenting two sets of financial statements, the District uses a combined format that presents both the fund financial statements and the government-wide financial statements in a single statement. Each statement includes an adjustments column that identifies the differences between the fund-level and government-wide presentations.

Immediately following the financial statements are the notes to the financial statements, which are as important to understanding the District's finances as the financial statements themselves

because they expand upon the information presented in the statements by providing additional detail, explanations, and required disclosures. The notes describe the nature of reported amounts, explain how those amounts were determined, and disclose certain information that does not meet the recognition criteria of the financial statements, such as certain contingencies.

Types of Information in the Financial Statements

The District's government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting*. In other words, they report all types of financial statement elements:

- Assets - resources the District controls, from short-term assets like cash to long-term assets like water and sewer systems.
- Liabilities - amounts the District owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt and due to developer.
- Deferred outflows of resources and deferred inflows of resources - resource flows that have already occurred but will not be reported as expenses or revenues until the future period to which they relate.
- Revenues and expenses - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. Governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as bonds payable, but they do report the flows of current financial resources related to those long-term items, including the proceeds from issuing bonds, as well as principal and interest payments on bonds, and spending on the construction of infrastructure assets.

	Government-Wide	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues and additions	All types of revenues/additions that flow into the District during the year that relates to the year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of the current year
Types of expenses, deductions, and expenditures	All types of expenses/deductions that flow out of the District during the year that relate to the year,	Only expenditures for which the related liability is incurred in that year

	Government-Wide	Governmental Fund
	regardless of when cash is paid	
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the District during the year that relate to a future year	Current financial resources that flow into and out of the District during the year that relate to a future year

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

Financial Summary and Analysis

Amounts presented in the following tables are in thousands of dollars and, due to rounding, may not add to the totals presented.

Government-Wide

Net Position
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Current and other assets	$ 824	$ 523	$ 300	57%
Capital assets	3,451	3,366	85	3%
Total assets	4,275	3,890	385	10%
Current liabilities	258	121	136	112%
Long-term liabilities	19,303	18,705	598	3%
Total liabilities	19,561	18,827	734	4%
Net position				
Net investment in capital assets	(536)	(363)	(173)	(48%)
Restricted	421	193	228	118%
Unrestricted	(15,170)	(14,767)	(404)	(3%)
Total net position	$ (15,286)	$ (14,937)	$ (348)	(2%)

The District's net position as of June 30, 2026, was negative $15,285,532, a decrease of $348,432 compared to the prior year. As previously discussed, the District finances and constructs public utilities and roads that are conveyed to the City upon completion of construction. As of June 30, 2026, the District has transferred approximately $13,083,541 of public infrastructure to the City. Although the liabilities incurred to finance the construction of public infrastructure conveyed to the City are reflected in the District's financial statements, the capital assets are not reported on the *Statement of Net Position*. As a result, the District's liabilities exceed assets, and the District reports

a negative net position. This effect will generally diminish over time as the related liabilities are repaid.

Changes in Net Position
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Revenues				
Property taxes	$ 703	$ 442	$ 261	59%
Other	44	15	29	197%
Total revenues	747	457	290	63%
Expenses				
Operating	386	578	(192)	(33%)
Financing	658	444	214	48%
Capital asset related	51	4,926	(4,876)	(99%)
Total expenses	1,095	5,948	(4,853)	(82%)
Revenues under expenses	(348)	(5,492)	5,143	94%
Net position, beginning of year	(14,937)	(9,446)	(5,492)	
Net position, end of year	$ (15,286)	$ (14,937)	$ (348)	(2%)

The change in the District's net position reflects the combined effect of the revenues and expenses presented above. The following discussion focuses on those changes in revenues and expenses that were significant to the District's financial results for the current fiscal year.

Revenues

Property Taxes

The District is authorized to levy ad valorem property taxes for both debt service and maintenance and operations purposes. Property taxes are a significant source of the District's financial resources, comprising 94% of total resource inflows during the current fiscal year.

Property tax revenues are determined primarily by the taxable assessed value of property within the District and the annual property tax rates adopted by the Board of Directors. The annual property tax levy consists of separate rates for maintenance and operations, road debt service, and water, sewer, and drainage debt service. The District is authorized to levy a maintenance and operations tax not to exceed $1.50 per $100 of assessed valuation. The debt service tax rates are established annually based on the District's projected debt service requirements and are not subject to a statutory maximum. The year-over-year increase in property tax revenues is primarily attributable to a 58% increase in assessed values as a result of development in the District.

Expenses

Overall expenses decreased by $4,853,071, from the prior year primarily as a result of a decrease in capital asset related expenses. For purposes of this analysis, expenses reported on the *Statement of Activities* are grouped into three broad categories: operating expenses, financing expenses, and capital asset related expenses. The table below identifies the financial statement line items included in each category:

Operating	Financing	Capital Asset Related
Professional Fees Contracted services Repairs and Maintenance Utilities Administrative and other	Interest Developer interest Debt issuance costs	Transfer to other governments Depreciation

The relative composition of expenses between these categories is as follows:

Allocation of Expenses
(amounts expressed in thousands)

Category	Amount	Percentage of Total
Operating expenses	$ 386	35%
Financing	658	60%
Capital asset related	51	5%
Total	$ 1,095	100%

Operating Expenses

Operating expenses represent the general costs of administering the District's activities and primarily consist of amounts paid to consultants for services provided to the District. The year-over-year decrease in operating expenses of $191,808 is primarily the result of a decrease in professional fees.

Financing Expenses

Financing expenses derive from the incurrence of liabilities to construct public infrastructure. These expenses consist of issuance costs when bonds are issued and subsequent interest on outstanding liabilities. The year-over-year increase in financing expenses of $214,350 is primarily attributable to the issuance of bonds during the fiscal year, which resulted in bond issuance costs and interest paid to the developer on reimbursed capital asset construction costs.

Capital Asset Related Expenses

Capital asset related expenses arise from the District's investment in capital assets, whether owned by the District or the City, and typically include depreciation expense and transfers of completed infrastructure to the City. In the current year, capital-related expenses consisted solely of depreciation expense. Capital expenses decreased by $4,875,613 from the prior fiscal year, as no capital assets were completed and recognized as transfers to other governments during the current fiscal year. Transfers to other governments vary from year to year based on the timing of the completion of construction of infrastructure projects.

Governmental Funds

Most of the previous discussion regarding government-wide activities is equally applicable to the finances of the governmental funds. However, due to the focus on current financial resources, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than the government-wide statements.

Revenues, Expenditures, and Changes in Fund Balances
(amounts expressed in thousands)

	General Fund		Debt Service Fund		Capital Projects Fund	
	2026	2025	2026	2025	2026	2025
Total revenues	$ 261	$ 262	$ 396	$ 178	$ 4	$ 1
Total expenditures	(282)	(322)	(286)	(153)	(1,708)	(1,291)
Revenues over (under) expenditures	(20)	(60)	110	25	(1,704)	(1,290)
Other financing sources (uses)						
Developer advances		200				
Debt activity (net)			84	69	1,666	1,364
Net change	(20)	140	195	95	(38)	74
Beginning fund balances	142	2	243	149	98	24
Ending fund balances	$ 121	$ 142	$ 438	$ 243	$ 60	$ 98

General Fund

The General Fund is the District's primary operating fund and accounts for most of the District's day-to-day operating activities. Fund balance in the General Fund decreased by $20,251, or 14%, during the current fiscal year. The primary source of General Fund revenues is property taxes. While assessed values increased from prior year, property taxes in the General Fund remained consistent with prior year because the District decreased the maintenance and operations component of the property tax levy.

Debt Service Fund

The Debt Service Fund accounts for the financial resources used to pay principal and interest on the District's outstanding bonds. Fund balance in the Debt Service Fund increased by $194,820, or 80% during the current fiscal year. Property taxes, which comprised 77% of total resources, increased $205,095, or 123%, from the prior year due to the increase in assessed values and the District's levy of its first water, sewer, and drainage debt service tax.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources used to finance the District's capital improvement program. Fund balance in the Capital Projects Fund decreased by $38,035, or 39%, during the current fiscal year. The change was primarily attributable to the issuance of $1,750,000 in bonds and $1,213,012 of capital outlay expenditures, including amounts used to reimburse the developer, as discussed in the next section.

Significant Capital Asset and Long-Term Financing Activity

The District finances water, wastewater, drainage, and other public infrastructure needed to serve development within the District. These facilities are typically constructed and initially financed by the developer in accordance with approved plans and applicable regulatory requirements. Upon completion, the District records a liability for eligible reimbursable construction costs. Facilities that are conveyed to the City for ownership and maintenance are reported as transfers to other governments rather than as capital assets of the District. As development continues, the District issues bonds, subject to approval by the Texas Commission on Environmental Quality (TCEQ), as applicable, to reimburse the developer for eligible construction costs. As the developer is reimbursed, the liability is reduced and replaced with long-term bonded debt that is generally repaid through property taxes levied within the District.

Overall, the carrying value of capital assets (original cost less accumulated depreciation) increased $84,852, or 3%, to $3,451,247 from the prior year.

Total liabilities related to financing capital assets increased by $627,591, or 3%, to $19,377,987. During the current fiscal year, the District issued $1,750,000 in unlimited tax road bonds to reimburse its developer for previously completed infrastructure and made $45,000 in principal payments on outstanding bonds. The resulting increase in bonds payable is partially offset by a decrease in due to developer as bond proceeds were used to reimburse the developer.

Liability Composition
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Due to developer	$ 14,073	$ 15,150	$ (1,077)	(7%)
Bonds payable	5,305	3,600	1,705	47%
Total	$ 19,378	$ 18,750	$ 628	3%

Although bonds may be issued over time as needed, the total amount that may be issued is limited to the amount previously authorized by the District's voters. At June 30, 2026, the District has remaining voter authorization to issue additional bonds to reimburse the developer or fund capital improvement projects, if needed.

Currently Known Facts, Decisions, or Conditions

Trends in Relevant Economic Data

Because the District is early in the annual property tax levy process, assessed values for certain properties remain uncertified, and the District's total assessed valuation is expected to increase as the certification process continues. The District's tax base has increased approximately $15,949,810, or 21%, for the next fiscal year. With considerable development expected to continue within the District, future increases in assessed valuation are expected to be driven primarily by new construction and development, as well as changes in the market value of existing property.

General Fund Budget

The District's adopted fiscal year 2027 budget reflects certain changes that are expected to have a significant effect on its financial position and results of operations. Based on the District's adopted fiscal year 2027 budget, fund balance in the General Fund is expected to increase by approximately 2%. The District anticipates higher property tax revenues as a result of increased assessed values, offset by an increase in professional fees.

Future Bond Financing

On September 3, 2026, the District issued $2,500,000 in unlimited tax bonds to reimburse the developer a total of approximately $1,761,000 for capital assets constructed within the District and operating advances and $305,000 in developer interest.

Developer Construction Activity

The developer is currently constructing infrastructure that is expected to be completed during fiscal year 2027. Upon completion of construction, these projects are expected to increase due to developer by approximately $5,260,000.

Basic Financial Statements

Montgomery County Municipal Utility District No. 149
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 120,903	$ 27,883	$ 555	$ 149,341	$ -	$ 149,341
Investments	459	416,953	110,202	527,614		527,614
Taxes receivable	50,482	89,059		139,541		139,541
Interfund receivables	73,221			73,221	(73,221)	
Prepaid items	6,948			6,948		6,948
Other receivables	18	319		337		337
Capital assets not being depreciated					2,432,312	2,432,312
Capital assets, net					1,018,935	1,018,935
Total Assets	$ 252,031	$ 534,214	$ 110,757	$ 897,002	3,378,026	4,275,028
Liabilities						
Accounts payable	$ 92,136	$ -	$ -	$ 92,136		92,136
Interfund payables		22,658	50,563	73,221	(73,221)	
Accrued interest payable					90,437	90,437
Due to developer					14,072,987	14,072,987
Long-term debt						
Due within one year					75,000	75,000
Due after one year					5,230,000	5,230,000
Total Liabilities	92,136	22,658	50,563	165,357	19,395,203	19,560,560
Deferred Inflows of Resources						
Deferred property taxes	38,562	73,388		111,950	(111,950)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	6,948			6,948	(6,948)	
Restricted		438,168	60,194	498,362	(498,362)	
Unassigned	114,385			114,385	(114,385)	
Total Fund Balances	121,333	438,168	60,194	619,695	(619,695)	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 252,031	$ 534,214	$ 110,757	$ 897,002		
Net Position						
Net investment in capital assets					(536,370)	(536,370)
Restricted for debt service					421,119	421,119
Unrestricted					(15,170,281)	(15,170,281)
Total Net Position					$ (15,285,532)	$ (15,285,532)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 149
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 261,190	$ 371,860	$ -	$ 633,050	$ 69,527	$ 702,577
Penalties and interest		14,644		14,644	15,499	30,143
Miscellaneous		60		60		60
Investment earnings	85	9,924	4,201	14,210		14,210
Total Revenues	261,275	396,488	4,201	661,964	85,026	746,990
Expenditures/Expenses						
Operating and administrative						
Professional fees	105,140		77,563	182,703		182,703
Contracted services	18,268	18,256		36,524		36,524
Repairs and maintenance	128,729			128,729		128,729
Utilities	3,320			3,320		3,320
Administrative	26,069	6,820	720	33,609		33,609
Other		1,560		1,560		1,560
Capital outlay			1,213,012	1,213,012	(1,213,012)	
Debt service						
Principal		45,000		45,000	(45,000)	
Interest and fees		214,494		214,494	27,253	241,747
Developer interest			256,353	256,353		256,353
Debt issuance costs			160,126	160,126		160,126
Depreciation					50,751	50,751
Total Expenditures/Expenses	281,526	286,130	1,707,774	2,275,430	(1,180,008)	1,095,422
Revenues Over (Under) Expenditures	(20,251)	110,358	(1,703,573)	(1,613,466)	1,613,466	
Other Financing Sources						
Proceeds from sale of bonds		84,462	1,665,538	1,750,000	(1,750,000)	
Net Change in Fund Balances	(20,251)	194,820	(38,035)	136,534	(136,534)	
Change in Net Position					(348,432)	(348,432)
Fund Balance/Net Position						
Beginning of the year	141,584	243,348	98,229	483,161	(15,420,261)	(14,937,100)
End of the year	$ 121,333	$ 438,168	$ 60,194	$ 619,695	$ (15,905,227)	$ (15,285,532)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 149 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created, and established pursuant to Senate Bill 2027 of the 84th Session of the Texas Legislature, dated June 16, 2015, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on June 15, 2018, and the first bonds were issued on December 12, 2023.

The District's primary activities include construction of water, sewer and drainage, road and park facilities. As further discussed in Note 10, the District transfers water, sewer, drainage, and road facilities to the City of Conroe for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll, or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most

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

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

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

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

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2026, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

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

Depreciable capital assets, which primarily consist of landscape improvements and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Landscape improvements	20 years

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

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 619,695
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 3,610,473	
Less accumulated depreciation	(159,226)	
		3,451,247
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(90,437)	
Due to developer	(14,072,987)	
Bonds payable	(5,305,000)	
		(19,468,424)
Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		111,950
Total net position - governmental activities		$ (15,285,532)

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

Net change in fund balances - total governmental funds		$ 136,534
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		85,026
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 1,213,012	
Depreciation expense	(50,751)	
		1,162,261
Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Issuance of long-term debt	(1,750,000)	
Principal payments - bonds	45,000	
Interest expense accrual	(27,253)	
		(1,732,253)
Change in net position of governmental activities		$ (348,432)

Note 3 – Implementation of New Accounting Standards

During the current fiscal year, the District implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Implementation of GASB 103 did not affect the amounts reported in the District's financial statements but resulted in changes to the presentation and content of required supplementary information, including management's discussion and analysis and the budgetary comparison schedules. Implementation of GASB 104 had no substantive impact on the District's financial statements.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

As of June 30, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	$ 459		
	Debt Service	416,953		
	Capital Projects	110,202		
Total		$ 527,614	AAAm	53 days

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administrator and UMB Bank N.A., as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 5 – Interfund Balances

Amounts due to/from other funds at June 30, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 22,658	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	50,563	Bond application fees paid by the General Fund

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

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2026, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 2,316,131	$ 116,181	$ 2,432,312
Capital assets being depreciated			
Infrastructure	274,235	19,422	293,657
Landscaping improvements	884,504		884,504
	1,158,739	19,422	1,178,161
Less accumulated depreciation			
Infrastructure	(18,822)	(6,526)	(25,348)
Landscaping improvements	(89,653)	(44,225)	(133,878)
	(108,475)	(50,751)	(159,226)
Subtotal depreciable capital assets, net	1,050,264	(31,329)	1,018,935
Capital assets, net	$ 3,366,395	$ 84,852	$ 3,451,247

Note 7 – Due to Developer

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

The District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	$ 15,150,396
Developer reimbursements	(1,213,012)
Adjustments to developer funded assets	135,603
Due to developer, end of year	$ 14,072,987

In addition, the District will owe the developer approximately $5,260,000, which is included in the schedule of contractual commitments below. This project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*
Chapel Run Phase 3 and Section 5 - detention, mass grading and water, sanitary, and drainage facilities	$ 5,260,000

*Rounded to the nearest $10,000

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 5,305,000
Due within one year	$ 75,000

The District's bonds payable at June 30, 2026, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023 Road	$ 2,055,000	$ 2,100,000	5.00% - 7.50%	September 1, 2025/2048	September 1, March 1	September 1, 2029
2024	1,500,000	1,500,000	4.25% - 6.75%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2025 Road	1,750,000	1,750,000	4.25% - 6.75%	September 1, 2027/2051	September 1, March 1	September 1, 2031
	$ 5,305,000					

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

At June 30, 2026, the District had the following authorized but unissued bonds:

Type	Remaining Authorization
Water, sewer, and drainage facilities and refunding	$ 36,180,000
Park and recreational facilities and refunding	19,610,000
Road improvements and refunding	15,075,000

On November 4, 2025, the District issued its $1,750,000 Series 2025 Unlimited Tax Road Bonds at a net effective interest rate of 4.881709%. Proceeds of the bonds were used (1) to reimburse developer for the construction of capital assets within the District and the acquisition of land for certain District facilities, (2) to pay developer interest at the net effective interest rate of the bonds, and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$	3,600,000
Bonds issued		1,750,000
Bonds retired		(45,000)
Bonds payable, end of year	$	5,305,000

As of June 30, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 75,000	$ 266,369	$ 341,369
2028	115,000	259,600	374,600
2029	120,000	251,294	371,294
2030	130,000	242,463	372,463
2031	135,000	233,838	368,838
2032	145,000	225,938	370,938
2033	150,000	218,638	368,638
2034	155,000	211,669	366,669
2035	165,000	204,319	369,319
2036	180,000	196,353	376,353
2037	185,000	187,870	372,870
2038	200,000	178,862	378,862
2039	205,000	169,345	374,345
2040	220,000	159,191	379,191
2041	230,000	148,281	378,281
2042	240,000	136,838	376,838
2043	255,000	124,747	379,747
2044	265,000	112,000	377,000
2045	280,000	98,512	378,512
2046	300,000	83,981	383,981
2047	315,000	68,472	383,472
2048	335,000	52,028	387,028
2049	350,000	34,695	384,695
2050	210,000	20,987	230,987
2051	220,000	11,031	231,031
2052	125,000	2,969	127,969
	$ 5,305,000	$ 3,900,290	$ 9,205,290

Note 9 – Property Taxes

On May 4, 2019, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Montgomery Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien

attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of $0.90 per $100 of assessed value, of which $0.365 was allocated to maintenance and operations, $0.17 was allocated to debt service, and $0.365 was allocated to road debt service. The resulting tax levy was $699,669 on the adjusted taxable value of $77,741,006.

Property taxes receivable, at June 30, 2026, consisted of the following:

Current year taxes receivable	$ 112,433
Prior years taxes receivable	8,064
	120,497
Penalty and interest receivable	19,044
Property taxes receivable	$ 139,541

Note 10 – Utility Agreement with the City of Conroe

On July 1, 2019, the District entered into a utility agreement with the City of Conroe (the "City") for construction and extension of water distribution lines, sanitary sewer collection systems, drainage facilities, parks and roads to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 40 years.

The agreement allows the District to levy an operation and maintenance tax to pay for its day-to-day operations, provided that the District's combined debt service and operation and maintenance tax in a given year does not exceed $1.00 per $100 in valuation without written consent of the City. However, this provision does not limit the District's authority to levy an unlimited debt service tax rate, since bonds issued by the District will be secured by an unlimited tax pledge. However, if the District's debt service tax rate for a given year is $0.95 or higher, then the District's operation and maintenance tax shall not exceed $0.05 per $100 in valuation without written consent of the City.

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

Note 11 – Risk Management

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

Note 12 – Subsequent Event

On September 3, 2026, the District issued its $2,500,000 Series 2026 Unlimited Tax Bonds at a net effective rate of 4.851749%. Proceeds from the bonds were used to reimburse the District's developer for operating advances and infrastructure improvements in the District.

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Required Supplementary Information

Montgomery County Municipal Utility District No. 149
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Original and Final Budget	Actual	Variance Actual Over (Under) Final Budget
Revenues			
Property taxes	$ 245,000	$ 261,190	$ 16,190
Investment earnings	200	85	(115)
Total Revenues	245,200	261,275	16,075
Expenditures			
Operating and administrative			
Professional fees	166,000	105,140	60,860
Contracted services	20,000	18,268	1,732
Repairs and maintenance	105,000	128,729	(23,729)
Utilities	3,500	3,320	180
Administrative	34,300	26,069	8,231
Other	3,000		3,000
Total Expenditures	331,800	281,526	50,274
Revenues Under Expenditures	(86,600)	(20,251)	66,349
Other Financing Sources			
Developer advances	86,600		(86,600)
Net Change in Fund Balance		(20,251)	(20,251)
Fund Balance			
Beginning of the year	141,584	141,584	
End of the year	$ 141,584	$ 121,333	$ (20,251)

Montgomery County Municipal Utility District No. 149
Required Supplementary Information - Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	General Fund Over (Under)
Budgetary Revenues	
Differences-final budget to actual:	
Developer advances were less than budgeted because overall operating expenditures were significantly lower than anticipated and were fully funded by available property tax revenues.	$ (86,600)
Budgetary Expenditures	
Differences-final budget to actual:	
Professional fees were less than budgeted primarily because legal fees were less than anticipated.	(60,860)

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Texas Supplementary Information

Montgomery County Municipal Utility District No. 149
TSI-1. Services and Rates
June 30, 2026

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

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

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

☒ Other (Specify): Water and sewer services provided by the City of Conroe

2. Retail Service Providers

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

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

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

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

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-1. Services and Rates
June 30, 2026

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

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

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

The District does not have Debt Service standby fees.

The District does not have Operation and Maintenance standby fees.

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

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

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

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

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

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located:

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

If Yes, by whom?

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2026

Professional fees		
Legal	$	55,388
Audit		15,000
Engineering		34,752
		105,140
Contracted services		
Bookkeeping		18,268
Repairs and maintenance		128,729
Utilities		3,320
Administrative		
Directors fees		10,670
Printing and office supplies		1,353
Insurance		7,046
Other		7,000
		26,069
Total expenditures	$	281,526

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-3. Investments
June 30, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	$ 459
Debt Service			
Texas CLASS	Variable	N/A	335,937
Texas CLASS	Variable	N/A	81,016
			416,953
Capital Projects			
Texas CLASS	Variable	N/A	4,495
Texas CLASS	Variable	N/A	76,190
Texas CLASS	Variable	N/A	29,517
			110,202
Total - All Funds			$ 527,614

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-4. Taxes Levied and Receivable
June 30, 2026

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 14,277	$ -	$ 9,103	$ 23,380
Adjustments to Prior Year Tax Levy	1,720		1,187	2,907
Adjusted Receivable	15,997		10,290	26,287
2025 Original Tax Levy	238,410	111,040	238,410	587,860
Adjustments	45,345	21,119	45,345	111,809
Adjusted Tax Levy	283,755	132,159	283,755	699,669
Total to be accounted for	299,752	132,159	294,045	725,956
Tax collections:				
Current year	238,157	110,922	238,157	587,236
Prior years	11,114		7,109	18,223
Total Collections	249,271	110,922	245,266	605,459
Taxes Receivable, End of Year	$ 50,481	$ 21,237	$ 48,779	$ 120,497
Taxes Receivable, By Years				
2025	$ 45,598	$ 21,237	$ 45,598	$ 112,433
2024	4,883		3,181	8,064
Taxes Receivable, End of Year	$ 50,481	$ 21,237	$ 48,779	$ 120,497

	2025	2024	2023	2022
Property Valuations:				
Land	$ 24,651,232	$ 16,145,459	$ 7,458,430	$ 5,265,600
Improvements	56,092,894	35,495,605	13,420,830	130,540
Personal Property	584,639	46,154	12,668	
Exemptions	(3,587,759)	(2,229,203)	(535,598)	
Total Property Valuations	$ 77,741,006	$ 49,458,015	$ 20,356,330	$ 5,396,140
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.365	$ 0.545	$ 0.90	$ 0.90
Debt service tax rates	0.170			
Road debt service tax rates	0.365	0.355		
Total Tax Rates per $100 Valuation	$ 0.900	$ 0.900	$ 0.90	$ 0.90
Adjusted Tax Levy:	$ 699,669	$ 445,122	$ 183,207	$ 48,565
Percentage of Taxes Collected to Taxes Levied **	83.93%	98.19%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 4, 2019
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 4, 2019
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
June 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 45,000	$ 113,756	$ 158,756
2028	50,000	110,194	160,194
2029	50,000	106,444	156,444
2030	55,000	102,506	157,506
2031	60,000	98,944	158,944
2032	60,000	95,944	155,944
2033	65,000	92,819	157,819
2034	65,000	89,569	154,569
2035	70,000	86,150	156,150
2036	75,000	82,434	157,434
2037	80,000	78,413	158,413
2038	85,000	74,081	159,081
2039	90,000	69,488	159,488
2040	95,000	64,513	159,513
2041	100,000	59,150	159,150
2042	105,000	53,513	158,513
2043	110,000	47,600	157,600
2044	115,000	41,413	156,413
2045	120,000	34,875	154,875
2046	130,000	27,844	157,844
2047	135,000	20,391	155,391
2048	145,000	12,516	157,516
2049	150,000	4,215	154,215
	$ 2,055,000	$ 1,566,772	$ 3,621,772

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
June 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 30,000	$ 68,150	$ 98,150
2028	30,000	66,125	96,125
2029	35,000	63,931	98,931
2030	35,000	61,569	96,569
2031	35,000	59,206	94,206
2032	40,000	57,175	97,175
2033	40,000	55,475	95,475
2034	45,000	53,669	98,669
2035	45,000	51,756	96,756
2036	50,000	49,738	99,738
2037	50,000	47,613	97,613
2038	55,000	45,381	100,381
2039	55,000	43,044	98,044
2040	60,000	40,600	100,600
2041	60,000	38,050	98,050
2042	65,000	35,394	100,394
2043	70,000	32,525	102,525
2044	70,000	29,550	99,550
2045	75,000	26,468	101,468
2046	80,000	23,125	103,125
2047	85,000	19,462	104,462
2048	90,000	15,525	105,525
2049	95,000	11,362	106,362
2050	100,000	6,975	106,975
2051	105,000	2,362	107,362
	$ 1,500,000	$ 1,004,230	$ 2,504,230

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-5. Long-Term Debt Service Requirements
Series 2025 Road--by Years
June 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ -	$ 84,463	$ 84,463
2028	35,000	83,281	118,281
2029	35,000	80,919	115,919
2030	40,000	78,388	118,388
2031	40,000	75,688	115,688
2032	45,000	72,819	117,819
2033	45,000	70,344	115,344
2034	45,000	68,431	113,431
2035	50,000	66,413	116,413
2036	55,000	64,181	119,181
2037	55,000	61,844	116,844
2038	60,000	59,400	119,400
2039	60,000	56,813	116,813
2040	65,000	54,078	119,078
2041	70,000	51,081	121,081
2042	70,000	47,931	117,931
2043	75,000	44,622	119,622
2044	80,000	41,037	121,037
2045	85,000	37,169	122,169
2046	90,000	33,012	123,012
2047	95,000	28,619	123,619
2048	100,000	23,987	123,987
2049	105,000	19,118	124,118
2050	110,000	14,012	124,012
2051	115,000	8,669	123,669
2052	125,000	2,969	127,969
	$ 1,750,000	$ 1,329,288	$ 3,079,288

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 75,000	$ 266,369	$ 341,369
2028	115,000	259,600	374,600
2029	120,000	251,294	371,294
2030	130,000	242,463	372,463
2031	135,000	233,838	368,838
2032	145,000	225,938	370,938
2033	150,000	218,638	368,638
2034	155,000	211,669	366,669
2035	165,000	204,319	369,319
2036	180,000	196,353	376,353
2037	185,000	187,870	372,870
2038	200,000	178,862	378,862
2039	205,000	169,345	374,345
2040	220,000	159,191	379,191
2041	230,000	148,281	378,281
2042	240,000	136,838	376,838
2043	255,000	124,747	379,747
2044	265,000	112,000	377,000
2045	280,000	98,512	378,512
2046	300,000	83,981	383,981
2047	315,000	68,472	383,472
2048	335,000	52,028	387,028
2049	350,000	34,695	384,695
2050	210,000	20,987	230,987
2051	220,000	11,031	231,031
2052	125,000	2,969	127,969
	$ 5,305,000	$ 3,900,290	$ 9,205,290

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-6. Change in Long-Term Bonded Debt
June 30, 2026

	Bond Issue			
	Series 2023 Road	Series 2024	Series 2025 Road	Totals
Interest rate	5.00% - 7.50%	4.25% - 6.75%	4.25% - 6.75%	
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/25 - 9/1/48	9/1/26 - 9/1/50	9/1/27 - 9/1/51	
Beginning bonds outstanding	$ 2,100,000	$ 1,500,000	$ -	$ 3,600,000
Bonds issued			1,750,000	1,750,000
Bonds retired	(45,000)			(45,000)
Ending bonds outstanding	$ 2,055,000	$ 1,500,000	$ 1,750,000	$ 5,305,000
Interest paid during fiscal year	$ 117,131	$ 69,163	$ 28,154	$ 214,448
Paying agent's name and city				
All Series	BOKF, NA, Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds and Refunding	Park and Recreational Facilities and Refunding	Road Improvements and Refunding
Amount Authorized by Voters	$ 37,680,000	$ 19,610,000	$ 18,925,000
Amount Issued	(1,500,000)		(3,850,000)
Remaining To Be Issued	$ 36,180,000	$ 19,610,000	$ 15,075,000

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

Debt Service Fund cash and investments balance as of June 30, 2026:	$ 444,836
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 354,050

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	$ 261,190	$ 261,523	$ 174,744	$ 47,575	$ 7,620
Penalties and interest			630	180	
Miscellaneous		221	9,102	2,205	30
Investment earnings	85	179	140	1,531	1,188
Total Revenues	261,275	261,923	184,616	51,491	8,838
Expenditures					
Operating and administrative					
Professional fees	105,140	166,587	152,661	109,487	49,766
Contracted services	18,268	17,418	19,859	16,589	22,010
Repairs and maintenance	128,729	105,981	115,308	120,301	
Utilities	3,320	2,909	2,430	1,351	
Administrative	26,069	26,802	26,184	18,206	15,649
Other		2,521	5,559	3,535	2,257
Total Expenditures	281,526	322,218	322,001	269,469	89,682
Revenues Under Expenditures	(20,251)	(60,295)	(137,385)	(217,978)	(80,844)
Other Financing Sources					
Developer advances		200,000	85,000	300,000	67,000
Net Change in Fund Balance	(20,251)	139,705	(52,385)	82,022	(13,844)
Fund Balance, Beginning of the year	141,584	1,879	54,264	(27,758)	(13,914)
End of the year	$ 121,333	$ 141,584	$ 1,879	$ 54,264	$ (27,758)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
100%	100%	95%	93%	87%
		*	*	
	*	5%	4%	*
*	*	*	3%	13%
100%	**100%**	**100%**	**100%**	**100%**
40%	64%	83%	213%	563%
7%	7%	11%	32%	249%
49%	40%	62%	234%	
1%	1%	1%	3%	
10%	10%	14%	35%	177%
	1%	3%	7%	26%
107%	**123%**	**174%**	**524%**	**1015%**
(7%)	**(23%)**	**(74%)**	**(424%)**	**(915%)**

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2026	2025	2024
Revenues			
Property taxes	$ 371,860	$ 166,765	$ -
Penalties and interest	14,644	4,921	
Miscellaneous	60	105	
Investment earnings	9,924	6,654	1,747
Total Revenues	396,488	178,445	1,747
Expenditures			
Tax collection services	26,636	16,976	130
Debt service			
Principal	45,000		
Interest and fees	214,494	136,085	26,075
Total Expenditures	286,130	153,061	26,205
Revenues Over (Under) Expenditures	110,358	25,384	(24,458)
Other Financing Sources			
Proceeds from sale of bonds	84,462	69,163	173,259
Net Change in Fund Balance	194,820	94,547	148,801
Fund Balance, Beginning of the year	243,348	148,801	
End of the year	$ 438,168	$ 243,348	$ 148,801

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2026	2025	2024
93%	93%	-%
4%	3%	-
*	*	-
3%	4%	-
100%	**100%**	**-**
7%	10%	-
11%		-
54%	76%	-
72%	**86%**	**-**
28%	**14%**	-%

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 149
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2026

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2400, Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 12, 2026
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Walt Rosenbusch	05/26 - 05/30	$ 2,431	$ 947	President
Brittany Aaronson	05/24 - 05/28	1,768	33	Vice President
Cameron King	05/26 - 05/30	3,536	2,854	Secretary
Brett Vinzant	05/24 - 05/28	1,989	95	Assistant Vice President
James Terry	05/24 - 05/28	884		Assistant Secretary
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2018			Attorney
General legal fees		$ 53,135		
Bond counsel		54,455		
District Data Services, Inc.	2019	19,618		Bookkeeper
Utility Tax Service, LLC	2018	10,875		Tax Collector
Montgomery Central Appraisal District	Legislation	4,499		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	2020	4,382		Delinquent Tax Attorney
Elevation Land Solutions	2019	91,175		Engineer
McGrath & Co., PLLC	2022	22,000		Auditor
Post Oak Municipal Advisors, LLC	2018	37,106		Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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.

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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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