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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 164

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

$2,250,000
UNLIMITED TAX BONDS,
SERIES 2026A

$1,360,000
UNLIMITED TAX ROAD BONDS,
SERIES 2026B

Dated: December 1, 2026 **Due: September 1, as shown on the inside cover**

The $2,250,000 Unlimited Tax Bonds, Series 2026A (the "Series 2026A Bonds") and the $1,360,000 Unlimited Tax Road Bonds, Series 2026B (the "Series 2026B Bonds" together with the Series 2026A Bonds are referred to herein as the "Bonds"), are being issued by Montgomery County Municipal Utility District No. 164 (the "District").

Principal of 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 The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Houston, Texas. 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 on the inside cover.

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 a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

SEE "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover

The Bonds, when issued, will constitute valid and legally binding obligations of Montgomery County Municipal Utility District No. 164 (the "District") and will be payable from the proceeds of two separate annual ad valorem taxes, each 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 Purchasers (as defined herein) subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchasers, 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.

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

$2,250,000 Unlimited Tax Bonds, Series 2026A

Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373H (b)	Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373H (b)
2028	$ 45,000	7.500%	3.650%	FD0	2045	110,000 (c)	5.000%	5.150%	FW8
2029	50,000	7.500%	3.700%	FE8	2046	115,000 (c)	5.000%	5.200%	FX6
2030	50,000	7.500%	3.800%	FF5	2047	120,000 (c)	5.000%	5.240%	FY4
2031	55,000	7.500%	3.900%	FG3	2048	125,000 (c)	5.000%	5.280%	FZ1
2032	55,000	7.000%	4.000%	FH1	2049	130,000 (c)	5.000%	5.300%	GA5
***	***	***	***	***	2050	135,000 (c)	5.125%	5.320%	GB3
2043	100,000 (c)	5.000%	5.050%	FU2	2051	145,000 (c)	5.125%	5.340%	GC1
2044	105,000 (c)	5.000%	5.100%	FV0	2052	150,000 (c)	5.125%	5.350%	GD9

$125,000 Term Bonds due September 1, 2034 (c) (d), 61373H FK4 (b), 5.000% Interest Rate, 4.100% Yield (a)
$135,000 Term Bonds due September 1, 2036 (c) (d), 61373H FM0 (b), 5.000% Interest Rate, 4.350% Yield (a)
$150,000 Term Bonds due September 1, 2038 (c) (d), 61373H FP3 (b), 5.000% Interest Rate, 4.600% Yield (a)
$165,000 Term Bonds due September 1, 2040 (c) (d), 61373H FR9 (b), 5.000% Interest Rate, 4.800% Yield (a)
$185,000 Term Bonds due September 1, 2042 (c) (d), 61373H FT5 (b), 5.000% Interest Rate, 5.000% Yield (a)

$1,360,000 Unlimited Tax Road Bonds, Series 2026B

Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373H (b)	Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373H (b)
2028	$ 30,000	7.500%	3.500%	GE7	2041	$ 55,000 (c)	5.000%	4.800%	GT4
2029	30,000	7.500%	3.600%	GF4	2042	55,000 (c)	5.000%	4.880%	GU1
2030	30,000	7.500%	3.700%	GG2	2043	60,000 (c)	5.000%	4.940%	GV9
2031	35,000	7.500%	3.800%	GH0	2044	60,000 (c)	5.000%	5.000%	GW7
2032	35,000	7.500%	3.900%	GJ6	2045	65,000 (c)	5.000%	5.050%	GX5
2033	35,000 (c)	5.000%	4.000%	GK3	2046	70,000 (c)	5.000%	5.100%	GY3
2034	40,000 (c)	5.000%	4.100%	GL1	2047	70,000 (c)	5.000%	5.150%	GZ0
2035	40,000 (c)	5.000%	4.200%	GM9	2048	75,000 (c)	5.000%	5.200%	HA4
2036	40,000 (c)	5.000%	4.300%	GN7	2049	80,000 (c)	5.125%	5.230%	HB2
2037	45,000 (c)	5.000%	4.400%	GP2	2050	85,000 (c)	5.125%	5.260%	HC0
2038	45,000 (c)	5.000%	4.500%	GQ0	2051	90,000 (c)	5.125%	5.280%	HD8
2039	50,000 (c)	5.000%	4.600%	GR8	2052	90,000 (c)	5.125%	5.300%	HE6
2040	50,000 (c)	5.000%	4.700%	GS6					

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchasers for offers to the public and which may be subsequently changed by the Initial Purchasers and is the sole responsibility of the Initial Purchasers. 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 Purchasers shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(c) Bonds maturing on and after September 1, 2033, 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."

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 4
OFFICIAL STATEMENT SUMMARY 5
SELECTED FINANCIAL INFORMATION 9
RISK FACTORS 10
THE BONDS 18
BOOK-ENTRY-ONLY SYSTEM 24
THE DISTRICT 26
MANAGEMENT 29
THE DEVELOPERS 30
THE SYSTEM 30
USE AND DISTRIBUTION OF THE SERIES 2026A BOND PROCEEDS 32
USE AND DISTRIBUTION OF THE SERIES 2026B BOND PROCEEDS 33
UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED 33
FINANCIAL STATEMENT (UNAUDITED) 34
ESTIMATED OVERLAPPING DEBT 35
TAX DATA 36
TAX PROCEDURES 39
WATER AND SEWER OPERATIONS 45
DEBT SERVICE REQUIREMENTS 46
LEGAL MATTERS 47
TAX MATTERS 48
SALE AND DISTRIBUTION OF THE BONDS 51
MUNICIPAL BOND INSURANCE 51
PREPARATION OF OFFICIAL STATEMENT 53
CONTINUING DISCLOSURE OF INFORMATION 55
MISCELLANEOUS 57

AERIAL PHOTOGRAPH
PHOTOGRAPHS
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025….. APPENDIX A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... APPENDIX B

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or 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 Purchasers 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. 164 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."

The Issues ..... $2,250,000 Unlimited Tax Bonds, Series 2026A (the "Series 2026A Bonds"), and the $1,360,000 Unlimited Tax Road Bonds, Series 2026B (the "Series 2026B Bonds", and together with the Series 2026A Bonds, the "Bonds") are issued pursuant to separate Bond Resolutions (defined below) of the District's Board of Directors. The Series 2026A Bonds will be issued as fully registered bonds maturing serially on September 1 in the years 2028 through 2032, both inclusive, and 2043 through 2052, both inclusive, and as term bonds on September 1 in the years 2034, 2036, 2038, 2040 and 2042 (the "Term Bonds") in the principal amounts and accruing interest at the rates shown on the inside cover hereof. The Series 2026B Bonds will be issued as fully registered bonds maturing serially in the years and in the amounts shown on the inside 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, 2033, 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. Upon redemption, the Bonds will be payable 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 series and each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance..... The Series 2026A Bonds are the third series of bonds issued out of an aggregate of $134,330,000 principal amount of unlimited tax bonds authorized by the District's voters on May 4, 2019, for the purpose of acquiring or constructing water, sewer and drainage facilities. The Series 2026A Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), a resolution authorizing the issuance of the Series 2026A Bonds (the "Series 2026A Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, 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."

The Series 2026B Bonds are the fourth series of bonds issued out of an aggregate of $102,425,000 principal amount of unlimited tax bonds authorized by the District's voters on May 2, 2020, for the purpose of acquiring or constructing road facilities. The Series 2026B Bonds are issued by the District pursuant to a resolution authorizing the issuance of the Series 2026B Bonds (the "Series 2026B Bond Resolution" and together with the Series 2026A Bond Resolution, the "Bond Resolutions") adopted by the Board, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, 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 the proceeds of two separate annual ad valorem taxes, each 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 (the "City") 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 Series 2026A Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF THE SERIES 2026A BOND PROCEEDS," including to capitalize twelve (12) months of interest on the Series 2026A Bonds, to pay developer interest, and to pay certain other costs and fees related to the issuance of the Series 2026A Bonds. See "USE AND DISTRIBUTION OF THE SERIES 2026A BOND PROCEEDS."

Proceeds from the sale of the Series 2026B Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF THE SERIES 2026B BOND PROCEEDS," including to capitalize twelve (12) months of interest on the Series 2026B Bonds, to pay developer interest, and to pay certain other costs and fees related to the issuance of the Series 2026B Bonds. See "USE AND DISTRIBUTION OF THE SERIES 2026B BOND PROCEEDS."

Payment Record..... The District has previously issued two series of unlimited tax bonds, and three series of unlimited tax road bonds, of which $23,780,000 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.

Qualified Tax-Exempt Obligations..... The District has designated the Bonds "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, municipal bond insurance policies 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.

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 investment risks, including particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description ..... The District was created by an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") dated November 2, 2018. The District presently contains approximately 461.15 acres of land and is located approximately 40 miles north of downtown Houston, Texas. The District lies entirely within the extraterritorial jurisdiction of the City. The District is located on the south side of FM 3083 and east of Dry Creek. See "THE DISTRICT" and "AERIAL PHOTOGRAPH" herein.

Status of Development…… The District is being developed as Granger Pines, a predominantly single-family residential community. The Developers (as defined below) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Granger Pines, Sections 1 through 6 and Sections 8 through 10 (approximately 231.20 acres of land developed into 1,215 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. As of October 5, 2026, there were 863 completed homes (771 occupied), 3 model homes, 26 homes currently under construction, 18 vacant developed lots owned by a builder, and approximately 305 vacant developed lots under contract with builders for purchase. Homebuilding in the District is being conducted by Century Communities, First America Homes, DR Horton and Legend Homes. New homes in the District range in offering prices from approximately $230,000 to $370,000

Granger Pines has been partially developed as a rental home community. Of the 771 occupied homes in the District, 94 were leased in Section 3B. Approximately 7 of the completed homes in Section 3B are currently being marketed for rent, 1 home is under construction and there are 3 vacant builder lots. All the rental homes are owned and leased by RPA Granger Pines LLC. See "RISK FACTORS—Rental Homes."

Additionally, the District contains a Conroe Independent School District elementary school on approximately 18.0 acres, which is not subject to ad valorem taxation by the District, a splash pad, walking trails, and parks on approximately 22.5 acres, commercial development on approximately 2.7 acres which contains a gas station with a convenience store and a shopping strip, and approximately 36.8 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 91.1 undevelopable acres of land are contained in drainage easements, rights-of-way, lakes and detention ponds, drill sites and plants and the remaining approximately 58.9 acres of land are in the 100-year flood plain and not planned for future development.

The Developers……..…… Granger Pines is being developed by (a) Grangerland Development LLC, a Texas limited liability company ("Grangerland") which was created to own and develop acreage within the District and (b) Granger Pines Development Company LLC, a Texas limited liability company ("Granger Pines Development") which was also created to own and develop acreage within the District. Grangerland currently does not own any land and Granger Pines Development currently owns approximately 29.72 acres in the District. Grangerland and Granger Pines Development, both affiliates of The Signorelli Company, are collectively referred to herein as the "Developers."

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 Grangerland or Granger Pines Development or to pay any other obligations of Grangerland or Granger Pines Development.

The Developers are related entities through associated ownership. See "THE DEVELOPERS."

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 INVESTMENT RISKS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

SELECTED FINANCIAL INFORMATION

2026 Certified Taxable Assessed Valuation	$212,856,861	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$242,874,319	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$27,390,000	
Estimated Overlapping Debt	$8,028,508	(c)
Gross Debt and Estimated Overlapping Debt	$35,418,508	
Ratios of Gross Debt to:		
2026 Certified Taxable Assessed Valuation	12.87%	
Estimated Taxable Assessed Valuation as of August 1, 2026	11.28%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	16.64%	
Estimated Taxable Assessed Valuation as of August 1, 2026	14.58%	
Fund Balances Available as of October 5, 2026		
Operating Fund	$223,262	(d)
Road Capital Projects Fund	$470,093	(e)
WS&D Capital Projects Fund	$1,220	
Road Debt Service Fund	$1,519,818	(f) (h)
WS&D Debt Service Fund	$326,174	(g) (h)
2026 Tax Rate:		
WS&D Debt Service	$0.390	
Road Debt Service	0.360	
Maintenance and Operations	0.600	
Total	$1.350	
Average Annual Debt Service Requirements (2027-2052) of the Outstanding Bonds and the Bonds ("Average Requirement")	$1,763,910	
Maximum Annual Debt Service Requirements (2046) of the Outstanding Bonds and the Bonds ("Maximum Requirement")	$2,002,037	
Tax rate required to pay the Average Requirement based upon:		
2026 Certified Taxable Assessed Valuation at a 95% collection rate	$0.88 /$100 A.V.	
Estimated Taxable Assessed Valuation as of August 1, 2026 at a 95% collection rate	$0.77 /$100 A.V.	
Tax rate required to pay the Maximum Requirement based upon:		
2026 Certified Taxable Assessed Valuation at a 95% collection rate	$1.00 /$100 A.V.	
Estimated Taxable Assessed Valuation as of August 1, 2026 at a 95% collection rate	$0.87 /$100 A.V.	

(a) The 2026 Certified Taxable Assessed Valuation shown herein includes $182,762,413 of certified value and $30,094,448 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 August 1, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such an amount until it is certified. Increases in value occurring between January 1, 2026, and August 1, 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."

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

(e) $465,000 of such balance will be applied towards the projects to be financed by the Series 2026B Bonds at closing.

(f) Accrued interest and twelve (12) months of capitalized interest on the Series 2026B Bonds will be deposited to the Road Debt Service Fund at closing.

(g) Accrued interest and twelve (12) months of capitalized interest on the Series 2026A Bonds will be deposited to the Water, Sewer and Drainage Debt Service Fund at closing.

(h) Neither Texas law nor the Bond Resolutions require the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds, the Series 2026A Bonds and the Series 2026B Bonds is payable from an unlimited tax pledge on parity, a pro rata portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Series 2026A Bonds (the "Water, Sewer and Drainage Bonds"), and a pro rata portion will be allocated to bonds sold for road facilities including the Series 2026B Bonds (the "Road Bonds"). See "FINANCIAL STATEMENT (UNAUDITED) – Outstanding Bonds." The Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds, and the Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds.

OFFICIAL STATEMENT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 164
(A political subdivision of the State of Texas located within Montgomery County)

$2,250,000
UNLIMITED TAX BONDS,
SERIES 2026A

$1,360,000
UNLIMITED TAX ROAD BONDS,
SERIES 2026B

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 164 (the "District") of its $2,250,000 Unlimited Tax Bonds, Series 2026A (the "Series 2026A Bonds") and its $1,360,000 Unlimited Tax Road Bonds, Series 2026B (the "Series 2026B Bonds"). The Series 2026A Bonds and the Series 2026B Bonds are collectively referred to herein as the "Bonds."

The Bonds are issued pursuant to the general laws of the State of Texas regarding issuance of bonds by political subdivisions of the State of Texas, a resolution authorizing the issuance of the Series 2026A Bonds (the "Series 2026A Bond Resolution"), a resolution authorizing the issuance of the Series 2026B Bonds (the "Series 2026B Bond Resolution," together with the Series 2026A Bond Resolution, the "Bond Resolutions") adopted by the Board of Directors of the District (the "Board"), elections held within the District, Chapters 49 and 54 of the Texas Water Code, as amended, as to the Series 2026B Bonds, Article III Section 52 of the Texas Constitution, and as to the Series 2026A Bonds, Article XVI, Section 59 of the Texas Constitution, and an order of the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolutions, and certain other information about the District and the developers 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 (the "City") or any other entity other than the District, will be secured by two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on Principal Taxpayers

Based upon the certified 2026 tax rolls, the top ten taxpayers are responsible for approximately 17.89% of the District's 2026 taxes (levied on $38,087,479 in taxable property value). The principal taxpayer in the District is RPA Granger Pines LLC, an owner of rental homes in the District, which is responsible for approximately 10.12% of the District's 2026 taxes. See "Rental Homes" herein. The second largest taxpayer is Grainger Pines Investments LLC, a commercial owner, which is responsible for approximately 1.90% of the District's 2026 taxes. See "THE DISTRICT—Status of Development," and "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolutions, nor is it required by Texas law, to maintain any particular balance in its Debt Service Funds or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

Operating Funds

The District's Operating Fund balance as of October 5, 2026, is $223,262. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) increased amounts of maintenance tax and water and sewer revenue, and (3) if necessary, advances from the Developers. In the event that funds are not made available by the Developers, the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "WATER AND SEWER OPERATIONS—Waterworks and Sewer System Operating Statement."

Rental Homes

The rental homes constructed in Section 3B of Granger Pines are owned and leased by RPA Granger Pines LLC and were constructed by First America Homes, both affiliates of The Signorelli Company. It is anticipated that RPA Granger Pines LLC will continue to own and lease all of the homes constructed in Section 3B and will continue to be a principal taxpayer. It is expected that title to completed rental homes will remain in RPA Granger Pines LLC's name or another entity rather than being sold to individual homeowners. This is expected to result in a longer-term concentration of assessed valuation in a single property owner than would ordinarily be experienced in a development where lots and homes are developed and transferred to homebuilders or individual homeowners. On the 2026 certified tax roll, such taxpayer collectively represents $21,536,000 or 10.12% of the 2026 Certified Taxable Assessed Valuation. See "TAX DATA—Principal Taxpayers." RPA Granger Pines LLC, as the owner of the homes in Granger Pines Section 3B, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards. Additionally, the failure of RPA Granger Pines LLC or the ultimate owner of the rental homes to make full and timely payments of taxes levied against the rental home property by the District and similar taxing authorities could have a material adverse effect on the District's ability to pay debt service on the Bonds.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of property used for single-family residences, rental homes, developed lots and undeveloped land. The market value of such properties and land 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 property of this type and the construction of improvements 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 residential property is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Competition

The 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 Developers 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 Developers will be implemented or, if implemented, will be successful.

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 40 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 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.

Potential Effects of Oil and Gas Price Fluctuations on the Houston Area

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

Increase in Costs of Building Materials

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 Developers 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 development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developers or homebuilders.

Landowner Obligation to the District

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

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

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 systems, canals or channels downstream.

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 $212,856,861 and the Estimated Taxable Assessed Valuation as of August 1, 2026, is $242,874,319. See "FINANCIAL STATEMENT (UNAUDITED)." After issuance of the Bonds, the maximum annual debt service requirement will be $2,002,037 (2046) and the average annual debt service requirement will be $1,763,910 (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 $1.00 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $2,002,037 and a tax rate of $0.88 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $1,763,910. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2026, and no use of funds other than tax collections, a tax rate of $0.87 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $2,002,037 and a tax rate of $0.77 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $1,763,910. 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 August 1, 2026, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage and Vacant Lots

There are approximately 36.8 developable acres of land within the District that have not been provided with water, sanitary sewer, storm drainage, and detention facilities and roads necessary for the construction of taxable improvements, and 305 vacant developed lots available for home construction. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on the developed lots could restrict the rate of growth of taxable values in the District. 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."

Future Debt

After issuance of the Bonds, the District will have $122,015,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer and drainage facilities and refunding of such bonds, $86,105,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, $102,425,000 principal amount of unlimited tax bonds authorized but unissued for refunding of such road bonds, and $30,515,000 principal amount of unlimited tax bonds authorized but unissued for financing parks and recreational facilities and refunding of such bonds.

The Developers have financed or are 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 Developers will have expended approximately $22,100,000 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 Developers for these costs to the extent allowed by the Commission. Additionally, the District presently contains approximately 36.8 acres of developable land not presently served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage and to finance roads and park and recreational facilities. 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. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of 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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions 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 is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Resolutions contain 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 Resolutions 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 Purchasers 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 Purchasers (as defined herein) have entered into agreements with Build America Mutual Assurance Company (the "Insurer") for the purchase of bond insurance policies (the "Policies") 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 Purchasers have 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 Policies, 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 inside 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 $134,330,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The Series 2026A Bonds are being issued pursuant to such authorization. After issuance of the Series 2026A Bonds, $122,015,000 principal amount of unlimited tax bonds will remain authorized but unissued for water, sewer and drainage facilities. See "Issuance of Additional Debt" below.

The Series 2026A Bonds are issued pursuant to the Series 2026A Bond Resolution adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the "TCEQ") , and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas.

At a bond election held within the District on May 2, 2020, the voters of the District authorized the issuance of a total of $102,425,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities. The Series 2026B Bonds are being issued pursuant to such authorization. After issuance of the Bonds, $86,105,000 principal

amount of unlimited tax road bonds will remain authorized but unissued for acquiring or constructing road facilities. See "Issuance of Additional Debt" herein.

The Series 2026B Bonds are issued by the District pursuant to the Series 2026B Bond Resolution, adopted by the Board, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas.

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 Resolutions 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 Resolutions, 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, or any entity other than the District.

Funds

In the Series 2026A Bond Resolution the Water, Sewer and Drainage 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 Series 2026A Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest and twelve (12) months of capitalized interest on the Series 2026A Bonds shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Series 2026A Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to pay the costs of acquiring or constructing District water, sewer and drainage facilities, to pay developer interest and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF THE SERIES 2026A BOND PROCEEDS" for a more complete description of the use of Series 2026A Bond proceeds.

In the Series 2026B 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 Series 2026B Bonds authorized by the Series 2026B Bond Resolution shall be deposited, as collected in such fund.

Accrued interest and twelve (12) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Series 2026B Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund to pay the costs of acquiring or constructing District road facilities, paying developer interest, and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF SERIES 2026B BOND PROCEEDS" for a more complete description of the use of Series 2026B Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolutions, the Board has appointed The Bank of New York Mellon Trust Company, N.A. in Houston, 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 Houston, 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 Resolutions.

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 Resolutions 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 Series 2026A Bonds maturing on September 1 in the years 2034, 2036, 2038, 2040 and 2042 (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").

$125,000 Term Bonds Due September 1, 2034	
Mandatory Redemption Date	Principal Amount
2033	$ 60,000
2034 (maturity)	65,000

$135,000 Term Bonds Due September 1, 2036	
Mandatory Redemption Date	Principal Amount
2035	$ 65,000
2036 (maturity)	70,000

$150,000 Term Bonds Due September 1, 2038	
Mandatory Redemption Date	Principal Amount
2037	$ 75,000
2038 (maturity)	75,000

$165,000 Term Bonds Due September 1, 2040	
Mandatory Redemption Date	Principal Amount
2039	$ 80,000
2040 (maturity)	85,000

$185,000 Term Bonds Due September 1, 2042	
Mandatory Redemption Date	Principal Amount
2041	$ 90,000
2042 (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, 2033, 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 series 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 Resolutions. 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 Resolutions 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 $122,015,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer and drainage facilities and refunding of such bonds, $86,105,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, $102,425,000 principal amount of unlimited tax bonds authorized but unissued for refunding of such road bonds and $30,515,000 principal amount of unlimited tax bonds authorized but unissued for financing parks and recreational facilities and refunding of such bonds. The District anticipates issuing additional bonds in the future. The Bond Resolutions impose 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 "RISK FACTORS—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 purpose. The District has adopted a park plan and conducted a bond election which resulted in voter approval of $30,515,000 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.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) approval of a detailed fire plan by the Commission; (b) authorization of a detailed fire plan and fire bonds by the District's voters at an election; (c) approval of bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered preparing such a fire plan or calling such an election at this time.

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

Annexation by the City of Conroe

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement" below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Strategic Partnership Agreement

In 2021, the District entered into a strategic partnership agreement with the City pursuant to Section 43.0751, Texas Local Government Code, whereby the District may be annexed by the City for limited purposes. As a result of the agreement, the City may impose any sales and use tax imposed by the City within its full-purpose boundaries (but not its property taxes) within the area of limited purpose annexation. In addition, the City agrees not to annex the District for full purposes prior to December 7, 2037. The City and the District may amend the strategic partnership agreement at any time. After December 7, 2037, if the District is annexed, the City will assume the District's assets and obligations and dissolve the District within ninety (90) days. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

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 Resolutions, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions 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 Resolutions provide 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 series and maturity of the Bonds, each in the aggregate principal amount of such series and 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 Purchasers take any responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a municipal utility district created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") dated November 2, 2018, 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 exclusive extraterritorial jurisdiction of the City.

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 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 District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City. 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 461.15 acres of land. The District is located approximately 40 miles north of downtown Houston, Texas. The District is located on the south side of FM 3083 and east of Dry Creek. See "AERIAL PHOTOGRAPH."

Land Use

Single Family Residential	Approximate Acres	Lots
Granger Pines Section 1	40.3	236
Granger Pines Section 2	27.3	177
Granger Pines Section 3A	21.3	105
Granger Pines Section 3B (a)	21.5	120
Granger Pines Section 4	11.2	45
Granger Pines Section 5	17.1	77
Granger Pines Section 6	26.3	118
Granger Pines Section 8	22.1	114
Granger Pines Section 9	22.1	122
Granger Pines Section 10	22.0	101
Subtotal…….	**231.20**	**1,215**
Future Development….....	36.75	
School Site (tax-exempt)….....	18.00	
Commercial….....	2.70	
Recreation/Open Space (b)….....	22.50	
Non-Developable (c)….....	91.10	
100-Year Flood Plain….....	58.90	
Total…..	**461.15**	

(a) Includes rental homes. See "RISK FACTORS – Rental Homes."
(b) Includes a splash pad, walking trails and parks.
(c) Drainage easements, rights-of-way, lakes and detention ponds, drill sites and plants. Not planned for future development.

Status of Development

The District is being developed as Granger Pines, a predominantly single-family residential community. The Developers (as defined below) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Granger Pines, Sections 1 through 6, and Sections 8 through 10 (approximately 231.2 acres of land developed into 1,215 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. As of October 5, 2026, there were 863 completed homes (771 occupied), 3 model homes, 26 homes currently under construction, 18 vacant developed lots owned by a builder, and approximately 305 vacant developed lots under contract with builders for purchase.

Granger Pines has been partially developed as a rental home community. Of the 771 occupied homes in the District, 94 were leased in Section 3B. Approximately 7 homes in Section 3B are currently being marketed for rent, 1 home is under construction and there are 3 vacant builder lots. All the rental homes are owned and leased by RPA Granger Pines LLC. See "RISK FACTORS—Rental Homes."

Additionally, the District contains a Conroe Independent School District elementary school on approximately 18.0 acres, which is not subject to ad valorem taxation by the District, a splash pad, walking trails, and parks on approximately 22.5 acres, commercial development on approximately 2.7 acres which contains a gas station with a convenience store and a shopping strip, and approximately 36.8 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 91.1 undevelopable acres of land are contained in drainage easements, rights-of-way, lakes and detention ponds, drill sites and plants and the remaining approximately 58.9 acres of land are in the 100-year flood plain and not planned for future development.

Homebuilders

Homebuilding in the District is being conducted by Century Communities, First America Homes, DR Horton and Legend Homes. New homes in the District range in offering prices from approximately $230,000 to $370,000.

Road Improvements Agreement with Montgomery County

The District and Montgomery County, through the initial funding by The Signorelli Company and its affiliates, agreed to share in certain road improvements (the "Project") to serve the District. The District entered into an Agreement for the Financing and Construction of Road Improvements with Montgomery County, Texas (the "County") on October 8, 2019 (the "Road Agreement"). The Project applicable to the Road Agreement consists of an FM 3083 traffic signal, an FM 3083 left and right turn lane, collector roads, and bridge crossings. As the Project is completed, Montgomery County will accept ownership and maintenance of the Project in the same manner and to the same extent that it owns and maintains Montgomery County roads and related road facilities in other unincorporated areas of Montgomery County. The District retains the right, at its sole option and expense, to maintain certain enhancements associated with the Project such as drainage improvements, upgraded crosswalks and intersections, pedestrian improvements, enhanced landscaping, lighting and irrigation, and any enhancements required by any applicable storm water management guidelines or criteria of the County.

To reimburse the District for the County's share of the cost of the Project (the "Project Costs"), the County agreed to pay the District an annual payment (the "Annual Payment") equal to a portion of the ad valorem taxes levied and collected by the County on the assessed valuation of the real property and improvements within the approximately 461-acre area that comprises the District (the "Economic Impact Area"). The Annual Payment is the sum of money payable by the County to the District each year, based upon the County's tax rates and assessed values for the immediately preceding year, equal to the result of the following formula:

[(County's Total Ad Valorem Tax Rate) – (County's Debt Service Tax Rate)] x

[75% per $100 of Assessed Value] x [Taxable Value Increase].

For this purpose, "Taxable Value Increase" means the total Assessed Value of all taxable real property located within the Economic Impact Area for the current year less the Base Value, "Assessed Value" means the assessed value of the applicable real property as established by the Montgomery Central Appraisal District, and "Base Value" means the non-homestead appraised value of real property within the Economic Impact Area as of January 1, 2019, which is $413,590.

The Road Agreement provides that the Annual Payment begins no sooner than August 31, 2021, and will continue each year thereafter until the earliest of the following occurs: (i) all of the Project Costs have been paid in full, (ii) the reimbursement cap of $10,650,000 has been reached, or (iii) October 8, 2044. Notwithstanding the foregoing, the County is not required to make any Annual Payment unless and until Project Costs are actually expended or incurred, and the County's obligation to make Annual Payments is further expressly conditioned upon the completion of the Project by December 31, 2031. The County may prepay its obligation (in whole or in part) under the Road Agreement at any time without penalty.

The District may use the Annual Payments only to: (a) fund Project Costs, (b) reimburse developers for Project Costs expenditures, and/or (c) pay debt service on bonds issued to finance the Project. The Annual Payments are not pledged to the payment of the interest on or principal of the District's bonds. See "THE BONDS – Source of and Security for Payment."

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 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
Adam McGovern	President	May 2030
Steven Stavinoha	Vice President	May 2030
Doug Wehring	Secretary	May 2030
Bob Copus	Assistant Vice President	May 2028
Abigail Corbett	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 "Appraisal District"). The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Utility Tax Service, LLC is currently serving in this capacity for the District.

Bookkeeper

The District has engaged Municipal Financial Management, Inc. to serve as the District's bookkeeper.

System Operator

The District contracts with Municipal District Services, LLC for maintenance and operation of the District's system.

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, 2025, have been audited by McGrath & Co., PLLC. McGrath & Co., PLLC has been engaged to audit the District's financial statements for the fiscal year ended June 30, 2026. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

THE DEVELOPERS

Role of a Developer

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

The Developers

Granger Pines is being developed by (a) Grangerland Development LLC, a Texas limited liability company ("Grangerland") which was created to own and develop acreage within the District and (b) Granger Pines Development Company LLC, a Texas limited liability company ("Granger Pines Development") which was also created to own and develop acreage within the District. Grangerland currently does not own any land and Granger Pines Development currently owns approximately 29.72 acres in the District. Grangerland and Granger Pines Development, both affiliates of The Signorelli Company, are collectively referred to herein as the "Developers."

The Developers have 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 Developers' 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 Developers, they are currently in compliance with all material representations and certifications made with respect to the PFA Bonds and have 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.

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 Grangerland or Granger Pines Development or to pay any other obligations of Grangerland or Granger Pines Development.

The Developers are related entities through associated ownership.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the

System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City, Montgomery County and, in some instances, the Commission. Montgomery County and the City also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the Engineer.

Water, Sanitary Sewer, and Drainage Facilities

Construction of the District's System has been financed with funds advanced by the Developers. Additional costs of the System will be reimbursed with the proceeds from the sale of future bonds.

Source of Water Supply: The District obtains water from two (2) water plants, which are owned, operated and maintained by the District. Water Plant No. 1 consists of two (2) 250 gpm water wells; two (2) 10,000-gallon hydro-pneumatic tanks; two (2) 151,393-gallon ground storage tanks; and four (4) 600 gpm booster pumps. Water Plant No. 2 consists of one (1) 500 gpm water well; one (1) 10,000-gallon hydro-pneumatic tank; one (1) 245,217-gallon ground storage tank; and four (4) 600 gpm booster pumps. The water supply facilities will adequately serve 1,666 equivalent single-family connections (ESFC).

Lone Star Groundwater Conservation District: The District is within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which was created by the Texas legislature in 2001. The Conservation District was created to conserve, enhance, and protect the groundwater resources of Montgomery County. In the future, it is expected that the Conservation District will require a partial conversion to surface water. The Conservation District bills the District for water pumped by the District from its wells.

Source of Wastewater Treatment: The District currently leases two (2) 0.1 MGD and one (1) 0.2 MGD wastewater treatment plant facilities from AUC Group, Inc. The TCEQ issued a wastewater discharge permit to the District, dated January 16, 2024, authorizing the treatment and disposal from the plant with a permitted maximum daily effluent flow not to exceed 0.40 MGD ultimately. The District is currently operating in the Final Phase of the permit, which allows effluent of up to 0.40 MGD. The wastewater treatment facilities will adequately serve 1,600 ESFCs.

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 developable acreage within the District is located within the 100-year flood plain. Approximately 58.9 acres of undevelopable land within the District lie within the 100-year flood plain, but there are no plans to develop such land. 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 and consequently leaving less developable property within the District. 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.

USE AND DISTRIBUTION OF THE SERIES 2026A BOND PROCEEDS

The use and distribution of Series 2026A Bond proceeds is shown below. Of proceeds to be received from sale of the Series 2026A Bonds, $1,490,123 is for construction costs, $532,147 is for non-construction costs, and $227,730 is for issuance costs and fees.

I.	**CONSTRUCTION COSTS**	
1)	Granger Pines Section 3A & 3B and Section 4 W,WW, & D.	$ 1,042,486
2)	Engineering (Item No. 1).	307,215
3)	Materials Testing (Item No. 1).	45,672
4)	Stormwater Pollution Prevention Plan (Item No. 1).	94,750
	Total Construction Cost.	**$ 1,490,123**
II.	**NON-CONSTRUCTION COSTS**	
•	Developer Interest.	$ 337,500
•	Capitalized Interest (12 months).	112,500
•	Bond Discount (a).	67,470
•	Operating Expenses.	14,647
•	Contingency (a)	30
	Total Non-Construction Costs.	**$ 532,147**
III.	**ISSUANCE COST AND FEES**	
•	Legal Fees.	$ 67,500
•	Fiscal Agent Fees.	45,000
•	Bond Issuance Expenses.	52,355
•	Bond Application Report Costs.	55,000
•	Attorney General Fee (0.10% or $9,500 Max.).	2,250
•	TCEQ Bond Issuance Fee (0.25%).	5,625
	Total Issuance Costs and Fees	**$ 227,730**
	TOTAL BOND ISSUE	**$ 2,250,000**

(a) Contingency represents the difference between estimated and actual amounts of Bond Discount.

In the event approved estimated amounts exceed actual costs the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

USE AND DISTRIBUTION OF THE SERIES 2026B BOND PROCEEDS

The use and distribution of Series 2026B Bond proceeds is shown below. Of proceeds to be received from sale of the Series 2026B Bonds, $1,066,337 is for construction costs, $156,380 is for non-construction costs, and $137,283 is for issuance costs and fees.

I.	**CONSTRUCTION COSTS**		
	1) Granger Pines Way Phase 4B & Granger Pines Sec. 10.	$	1,295,725
	2) Land Acquisition Costs		
	a. Granger Pines Section 10 Right-of-Way.		36,414
	b. Granger Pines Way Phase 4B Right-of-Way.		17,981
	3) Engineering		
	a. Granger Pines Section 10 Paving.		87,648
	b. Granger Pines Way Phase 4B Paving.		71,861
	4) Materials Testing		
	a. Granger Pines Way Phase 4B & Granger Pines Sec. 10.		21,708
	Subtotal.	$	1,531,337
	Less Surplus Funds.		(465,000)
	Total Construction Cost.	**$**	**1,066,337**
II.	**NON-CONSTRUCTION COSTS**		
	• Developer Interest.	$	47,580
	• Capitalized Interest (12 months).		68,000
	• Bond Discount.		40,800
	Total Non-Construction Costs.	**$**	**156,380**
III.	**ISSUANCE COST AND FEES**		
	• Legal Fees.	$	40,800
	• Fiscal Agent Fees.		27,200
	• Bond Issuance Expenses.		47,923
	• Road Bond Report Costs.		20,000
	• Attorney General Fee (0.10% or $9,500 Max.).		1,360
	Total Issuance Costs and Fees.	**$**	**137,283**
	TOTAL BOND ISSUE.	**$**	**1,360,000**

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/2/2020	Road	$102,425,000	$16,320,000 (a)	$86,105,000
5/2/2020	Road Refunding	$102,425,000	$0	$102,425,000
5/4/2019	Water, Sewer and Drainage & Refunding	$134,330,000	$12,315,000 (b)	$122,015,000
5/4/2019	Parks & Refunding	$30,515,000	$0	$30,515,000

(a) Includes the Series 2026B Bonds.
(b) Includes the Series 2026A Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$212,856,861	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$242,874,319	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$27,390,000	
Estimated Overlapping Debt	$8,028,508	(c)
Gross Debt and Estimated Overlapping Debt	$35,418,508	
Ratios of Gross Debt to:		
2026 Certified Taxable Assessed Valuation	12.87%	
Estimated Taxable Assessed Valuation as of August 1, 2026	11.28%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2026 Certified Taxable Assessed Valuation	16.64%	
Estimated Taxable Assessed Valuation as of August 1, 2026	14.58%	

Area of District: 461.15 acres
Estimated 2026 Population: 2,699 (d)

(a) The 2026 Certified Taxable Assessed Valuation shown herein includes $182,762,413 of certified value and $30,094,448 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 August 1, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such an amount until it is certified. Increases in value occurring between January 1, 2026, and August 1, 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."

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

Cash and Investment Balances (unaudited as of October 5, 2026)

Operating Fund	Cash and Temporary Investments	$223,262	(a)
Road Capital Projects Fund	Cash and Temporary Investments	$470,093	(b)
WS&D Capital Projects Fund	Cash and Temporary Investments	$1,220	
Road Debt Service Fund	Cash and Temporary Investments	$1,519,818	(c) (e)
WS&D Debt Service Fund	Cash and Temporary Investments	$326,174	(d) (e)

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

(b) $465,000 in surplus funds of such balance will be applied towards the projects to be financed by the Series 2026B Bonds at closing.

(c) Accrued interest and twelve (12) months of capitalized interest on the Series 2026B Bonds will be deposited to the Road Debt Service Fund at closing.

(d) Accrued interest and twelve (12) months of capitalized interest on the Series 2026A Bonds will be deposited to the Water, Sewer and Drainage Debt Service Fund at closing.

(e) Neither Texas law nor the Bond Resolutions require the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds, the Series 2026A Bonds and the Series 2026B Bonds is payable from an unlimited tax pledge on parity, a pro rata portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Series 2026A Bonds (the "Water, Sewer and Drainage Bonds"), and a pro rata portion will be allocated to bonds sold for road facilities including the Series 2026B Bonds (the "Road Bonds"). See "FINANCIAL STATEMENT (UNAUDITED) – Outstanding Bonds." The Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds, and the Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds. See "USE AND DISTRIBUTION OF 2026A BOND PROCEEDS" and "USE AND DISTRIBUTION OF SERIES 2026B BOND PROCEEDS."

Outstanding Bonds

Series		Original Principal Amount	Principal Amount Outstanding as of October 5, 2026
2021	(a)	$5,000,000	$4,450,000
2023		$6,675,000	$6,275,000
2023A	(a)	$4,800,000	$4,575,000
2024		$3,390,000	$3,320,000
2025	(a)	$5,160,000	$5,160,000
			$23,780,000

(a) Unlimited Tax Road Bonds.

ESTIMATED OVERLAPPING DEBT

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		09/30/26	0.25%	$7,110,650
Lone Star College System	336,455,000		09/30/26	0.05%	168,228
Montgomery County	535,450,000		09/30/26	0.14%	749,630
Total Estimated Overlapping Debt					$8,028,508
The District	$27,390,000	(a)	Current	100.00%	27,390,000
Total Direct and Estimated Overlapping Debt					$35,418,508
Ratios of Total Direct and Estimated Overlapping Debt to:					
2026 Certified Taxable Assessed Valuation					16.64%
Estimated Taxable Assessed Valuation as of August 1, 2026					14.58%

(a) Includes the Bonds.

Overlapping Tax Rates for 2026

	2026 Tax Rate per $100 of Taxable Assessed Valuation	
Conroe ISD	$ 0.94710	
Lone Star College System	0.10580	
Montgomery County	0.38600	
Montgomery County ESD No. 9	1.00000	
Montgomery County Hospital District	0.04580	
Total Overlapping Tax Rate	$ 2.48470	
The District	1.35000	(a)
Total Tax Rate	$ 3.83470	

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

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	Assessed Valuation	Tax Rate	Tax Levy	Total Collections As of September 30, 2026 Amount	Percent	
2022	83,139,127	1.35	1,122,378	1,122,100	99.98%	
2023	158,407,804	1.35	2,138,505	2,135,468	99.86%	
2024	164,899,152	1.35	2,226,139	2,209,337	99.25%	
2025	186,355,218	1.35	2,515,795	2,488,886	98.93%	
2026	212,856,861 (a)	1.35	2,873,568	*(In process of Collections)*		(b)

(a) Includes $30,094,448 of uncertified value.
(b) 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	$ 0.390	$ 0.350	$ 0.245	$ 0.410	$ -
Road Debt Service	0.360	0.430	0.455	0.165	0.530
Maintenance and Operations	0.600	0.570	0.650	0.775	0.820
Total	$ 1.350	$ 1.350	$ 1.350	$ 1.350	$ 1.350

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 Resolutions 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 $0.390 per $100 of taxable assessed valuation and a road debt service tax of $0.360 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 $0.60 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 Developers have executed Waivers of Special Appraisal, waiving their right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waivers are binding for 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
RPA Granger Pines LLC (a)	Land & Improvements	$ 21,536,000	10.12%
Grainger Pines Investments LLC (b)	Land & Improvements	4,053,342	1.90%
Legend Classic Homes LTD (c)	Land & Improvements	4,037,500	1.90%
First America Homes LTD (c)	Land & Improvements	2,337,500	1.10%
Century Land Holdings of Texas (c)	Land & Improvements	1,212,672	0.57%
Granger Pines Development Co. LLC (d)	Land	1,141,305	0.54%
DR Horton Texas Ltd (c)	Land & Improvements	1,020,000	0.48%
Entergy Texas Inc	Personal Property	950,680	0.45%
Groundshaker Assets LLC	Land & Improvements	948,080	0.45%
Individual	Residential	850,400	0.40%
Total		$ 38,087,479	17.89%

(a) See "RISK FACTORS – Rental Homes" and "THE DISTRICT – Status of Development."
(b) Commercial owner, not affiliated with the Developer.
(c) See "THE DISTRICT—Homebuilders."
(d) See "THE DEVELOPERS."

Summary of Assessed Valuation

The following is a summary of the 2026, 2025, 2024, 2023 and 2022 certified assessed valuations that were 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 August 1, 2026, is not available from the Appraisal District.

	2026 (a)	2025	2024	2023	2022
Land	$49,323,668	$39,734,754	$38,781,849	$31,279,090	$29,465,310
Improvements	182,998,320	160,861,963	138,341,551	143,264,130	62,069,830
Personal Property	3,838,181	2,880,542	550,423	273,149	255,460
Exemptions	(23,303,308)	(17,122,041)	(12,774,671)	(16,408,565)	(8,651,473)
Total Assessed Valuation	$212,856,861	$186,355,218	$164,899,152	$158,407,804	$83,139,127

(a) Includes $30,094,448 of uncertified value.

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 August 1, 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 Outstanding Bonds and the Bonds.

Average annual debt service requirement (2027-2052)	$1,763,910
$0.88 tax rate on the 2026 Certified Taxable Assessed Valuation of $212,856,861 at a 95% collection rate produces	$1,779,483
$0.77 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2026 of $242,874,319 at a 95% collection rate produces	$1,776,626
Maximum annual debt service requirement (2046)	$2,002,037
$1.00 tax rate on the 2026 Certified Taxable Assessed Valuation of $212,856,861 at a 95% collection rate produces	$2,022,140
$0.87 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2026 of $242,874,319 at a 95% collection rate produces	$2,007,356

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 Resolutions 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 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. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in 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, 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, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts:

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

The District:

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. For the 2026 tax year, the District is 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—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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WATER AND SEWER OPERATIONS

General

The Bonds are payable from the levy of two separate ad valorem taxes, each 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's water and sewer operations are not pledged to the payment of the Bonds or Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds or 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 or Outstanding Bonds.

Waterworks and Sewer System 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 2025, 2024, 2023 and 2022 fiscal years and from the unaudited records of the District's bookkeeper for the 2026 fiscal year. Reference is made to such records and statements for further and more complete information.

		Fiscal Year Ended June 30			
	2026 (a)	2025	2024	2023	2022
GENERAL FUND					
Revenues:					
Water Service	$ 391,324	$ 339,712	$ 285,098	$ 288,689	$ 195,200
Sewer Service	536,645	508,636	370,209	428,577	285,009
Property Taxes	1,110,530	1,052,942	1,179,332	674,044	381,098
Penalties and Interest	9,422	11,516	-	-	4,899
Tap Connections and Inspections	103,535	84,072	225,762	169,430	428,207
Miscellaneous	3,028	45,807	25,441	79,763	9,194
Investment Earnings	19,326	23,564	12,775	457	328
Total Revenues	$ 2,173,810	$ 2,066,249	$ 2,098,617	$ 1,640,960	$ 1,303,935
Expenditures:					
Current Service Operations					
Professional Fees	$ 212,973	$ 130,184	$ 176,818	$ 166,195	$ 153,132
Contracted Services	473,419	433,507	358,787	378,478	653,918
Repairs and Maintenance	621,632	663,360	546,115	618,497	654,523
Utilities	115,933	86,687	76,388	73,548	62,159
Administrative	115,891	59,999	54,554	49,809	33,413
Other	49,952	47,129	29,414	15,126	20,649
Capital					
Capital Outlay		53,225	94,783	574,997	-
Right-to-use leased asset	762,645	2,873,518			
Debt Service					
Lease - Principal	-	216,397	297,980	126,342	103,639
Lease - Interest	-	170,573	169,723	42,358	4,361
Total Expenditures	$ 2,352,445	$ 4,734,579	$ 1,804,562	$ 2,045,350	$ 1,685,794
Net Revenues	$ (178,635)	$ (2,668,330)	$ 294,055	$ (404,390)	$ (381,859)
Other Financing Sources					
Developer operating advances	-	-	$ 377,460	-	$ 66,300
Lease Financing	-	$ 2,873,518	-	$ 574,997	
Insurance Proceeds	$ -	$ 51,831	$ 108,146		$ 14,112
Net Change in Fund Balance	$ (178,635)	$ 257,019	$ 779,661	$ 170,607	$ (301,447)
Fund Balance Beginning of Period	$ 845,691	$ 588,672	$ (190,989)	$ (361,596)	$ (60,149)
Fund Balance End of Period	$ 667,056	$ 845,691	$ 588,672	$ (190,989)	$ (361,596)

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

DEBT SERVICE REQUIREMENTS

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

	Outstanding	Plus: The Series 2026A Bonds			Plus: The Series 2026B Bonds			Total
Year	Debt Service	Principal	Interest	Total	Principal	Interest	Total	Debt Service
2027	1,620,789	-	$ 89,353	$ 89,353	-	$ 54,323	$ 54,323	1,764,465
2028	1,617,670	$ 45,000	119,138	164,138	$ 30,000	72,431	102,431	1,884,239
2029	1,612,644	50,000	115,763	165,763	30,000	70,181	100,181	1,878,587
2030	1,615,706	50,000	112,013	162,013	30,000	67,931	97,931	1,875,650
2031	1,614,800	55,000	108,263	163,263	35,000	65,681	100,681	1,878,744
2032	1,614,581	55,000	104,138	159,138	35,000	63,056	98,056	1,871,775
2033	1,631,165	60,000	100,288	160,288	35,000	60,431	95,431	1,886,884
2034	1,630,870	65,000	97,288	162,288	40,000	58,681	98,681	1,891,839
2035	1,644,227	65,000	94,038	159,038	40,000	56,681	96,681	1,899,946
2036	1,655,671	70,000	90,788	160,788	40,000	54,681	94,681	1,911,140
2037	1,664,880	75,000	87,288	162,288	45,000	52,681	97,681	1,924,849
2038	1,671,421	75,000	83,538	158,538	45,000	50,431	95,431	1,925,390
2039	1,685,375	80,000	79,788	159,788	50,000	48,181	98,181	1,943,344
2040	1,686,375	85,000	75,788	160,788	50,000	45,681	95,681	1,942,844
2041	1,699,887	90,000	71,538	161,538	55,000	43,181	98,181	1,959,606
2042	1,705,875	95,000	67,038	162,038	55,000	40,431	95,431	1,963,344
2043	1,714,362	100,000	62,288	162,288	60,000	37,681	97,681	1,974,331
2044	1,719,831	105,000	57,288	162,288	60,000	34,681	94,681	1,976,800
2045	1,732,437	110,000	52,038	162,038	65,000	31,681	96,681	1,991,156
2046	1,742,069	115,000	46,538	161,538	70,000	28,431	98,431	2,002,037
2047	1,423,656	120,000	40,788	160,788	70,000	24,931	94,931	1,679,375
2048	1,431,950	125,000	34,788	159,788	75,000	21,431	96,431	1,688,169
2049	612,281	130,000	28,538	158,538	80,000	17,681	97,681	868,500
2050	617,900	135,000	22,038	157,038	85,000	13,581	98,581	873,519
2051	381,881	145,000	15,119	160,119	90,000	9,225	99,225	641,225
2052	-	150,000	7,688	157,688	90,000	4,613	94,613	252,300
Total	$ 37,748,305	$ 2,250,000	$ 1,863,147	$ 4,113,147	$ 1,360,000	$ 1,128,605	$ 2,488,605	$ 44,350,057

Average Annual Debt Service Requirements (2027-2052)..... $1,763,910
Maximum Annual Debt Service Requirements (2046)..... $2,002,037

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 two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied 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 and Road Improvements Agreement with Montgomery County," "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 Purchasers 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 Purchasers 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 Resolutions that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Resolutions 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 Resolutions 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 inside 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 Series 2026A Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets (the "Series 2026A Initial Purchaser") bearing the interest rates shown on the inside cover page hereof, at a price of 97.0013% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 5.283932% as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Series 2026B Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by Robert W. Baird & Co., Inc. (the "Series 2026B Initial Purchaser") bearing the interest rates shown on the inside cover page hereof, at a price of 97.000% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 5.302220% as calculated pursuant to Chapter 1204 of the Texas Government Code.

The Series 2026A Initial Purchaser and the Series 2026B Initial Purchaser shall be referred to herein collectively as the "Initial Purchasers."

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 Purchasers 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 Purchasers 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 "MUNICIPAL 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 Developers, 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 Notices of Sale and the Official Bid Forms 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" – Grangerland Development LLC and Granger Pines Development Company, LLC (the "Developers"), Elevation Land Solutions ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS" – Developers; "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" - 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, 2025, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER AND SEWER OPERATIONS" has been provided by Municipal Financial Management, Inc., and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchasers, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchasers elect to terminate their obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchasers; 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 Purchasers, unless the Initial Purchasers notify 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 Resolutions, the District has made the following agreement for the benefit of the Registered Owners and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (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 2026.

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

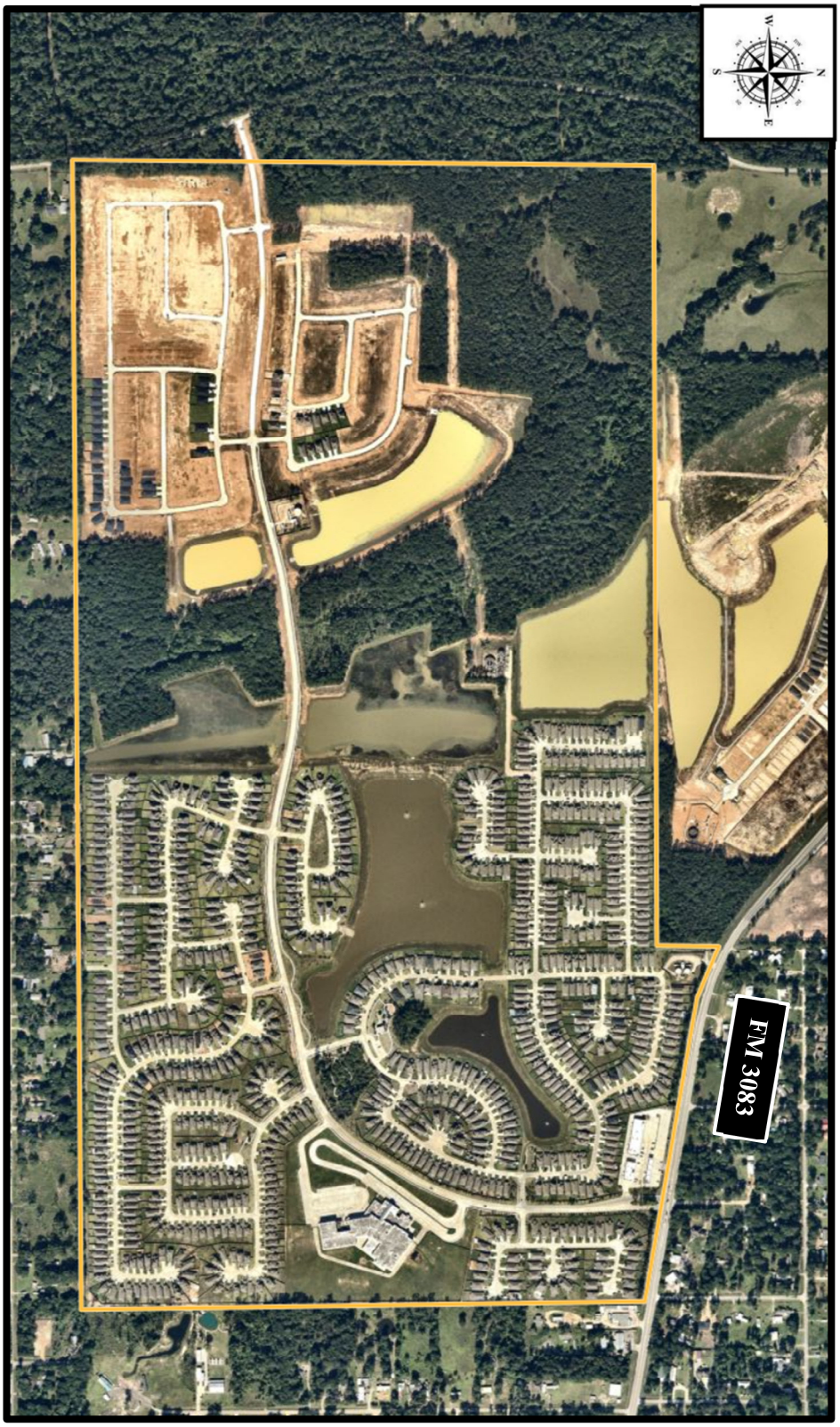
This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 164, as of the date shown on the cover page.

/s/Adam McGovern
President, Board of Directors
Montgomery County Municipal Utility District No. 164

ATTEST:

/s/Doug Wehring
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 164

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.


MONTGOMERY
COUNTY MUNICIPAL
UTILITY DISTRICT
NO.164
A POLITICAL SUBDIVISION OF
THE STATE OF TEXAS
Welcome to
Granger
Pines


Mobil
GRANGER PINES


Domino's
GRANGER PINES
DENTAL


Mobil
time : mart
Synergy


SOLD


6728
COUNTRY
ROOTS
READY
FOR YOU
6728


DOODIE CALLS
15502


READY FOR YOU




SOLD
AVAILABLE

APPENDIX A

Independent Auditor’s Report and Financial Statements for the fiscal year ended June 30, 2025.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 164

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2025

Table of Contents

	Schedule	Page
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		18
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		19
Notes to Financial Statements		21
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		38
Notes to Required Supplementary Information		39
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	42
General Fund Expenditures	TSI-2	44
Investments	TSI-3	45
Taxes Levied and Receivable	TSI-4	46
Long-Term Debt Service Requirements by Years	TSI-5	47
Change in Long-Term Bonded Debt	TSI-6	52
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	54
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	56
Board Members, Key Personnel and Consultants	TSI-8	58

McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 164
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. 164 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 164, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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



Houston, Texas
November 3, 2025

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Montgomery County Municipal Utility District No. 164 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at June 30, 2025, was negative $11,556,703. The District's net position is negative because the District incurs debt to construct certain road facilities which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of June 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 3,624,586	$ 2,854,695
Capital assets	25,279,834	22,261,021
Total assets	28,904,420	25,115,716
Current liabilities	1,308,466	1,013,861
Long-term liabilities	39,152,657	35,168,153
Total liabilities	40,461,123	36,182,014
Net position		
Net investment in capital assets	(6,184,322)	(4,284,331)
Restricted	1,632,008	1,100,854
Unrestricted	(7,004,389)	(7,882,821)
Total net position	$ (11,556,703)	$ (11,066,298)

The total net position of the District decreased during the current fiscal year by $490,405. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Water and sewer service	$ 848,348	$ 655,307
Property taxes, penalties and interest	2,139,374	2,179,889
Other	608,915	494,508
Total revenues	3,596,637	3,329,704
Expenses		
Current service operations	1,564,117	1,306,754
Debt interest and fees	930,162	740,136
Developer interest	466,224	920,461
Debt issuance costs	294,382	899,617
Depreciation and amortization	791,754	760,951
Total expenses	4,046,639	4,627,919
Change in net position before other items	(450,002)	(1,298,215)
Other items		
Insurance proceeds	51,831	108,146
Transfers to other governments	(92,234)	(2,442,043)
Change in net position	(490,405)	(3,632,112)
Net position, beginning of year	(11,066,298)	(7,434,186)
Net position, end of year	$ (11,556,703)	$ (11,066,298)

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2025, were $3,229,983, which consists of $845,691 in the General Fund, $1,849,168 in the Debt Service Fund, and $535,124 in the Capital Projects Fund.

General Fund

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

	2025	2024
Total assets	$ 1,181,990	$ 994,739
Total liabilities	$ 293,905	$ 328,541
Total deferred inflows	42,394	77,526
Total fund balance	845,691	588,672
Total liabilities, deferred inflows and fund balance	$ 1,181,990	$ 994,739

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

	2025	2024
Total revenues	$ 2,066,249	$ 2,098,617
Total expenditures	(4,734,579)	(1,804,562)
Revenues over (under) expenditures	(2,668,330)	294,055
Other changes in fund balance	2,925,349	485,606
Net change in fund balance	$ 257,019	$ 779,661

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and the provision of water and sewer services to customers within the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues decreased from prior year because the District decreased the maintenance and operations component of the levy.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.

Debt Service Fund

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

	2025	2024
Total assets	$ 1,907,472	$ 1,334,777
Total liabilities	$ -	$ 6,553
Total deferred inflows	58,304	77,840
Total fund balance	1,849,168	1,250,384
Total liabilities, deferred inflows and fund balance	$ 1,907,472	$ 1,334,777

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

	2025	2024
Total revenues	$ 1,583,555	$ 909,038
Total expenditures	(984,771)	(541,071)
Revenues over expenditures	598,784	367,967
Other changes in fund balance		424,141
Net change in fund balance	$ 598,784	$ 792,108

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

Capital Projects Fund

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

	2025	2024
Total assets	$ 535,124	$ 525,179
Total fund balance	$ 535,124	$ 525,179

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

	2025	2024
Total revenues	$ 1,500	$ 202,677
Total expenditures	(3,241,555)	(6,848,216)
Revenues under expenditures	(3,240,055)	(6,645,539)
Other changes in fund balance	3,250,000	6,970,859
Net change in fund balance	$ 9,945	$ 325,320

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

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $251,489 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at June 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 5,825,167	$ 5,533,587
Capital assets being depreciated/amortized		
Infrastructure	14,212,069	14,010,103
Landscaping improvements	2,038,814	1,595,311
Right-to-use leased assets	6,070,909	3,197,391
	22,321,792	18,802,805
Less accumulated depreciation/amortization		
Infrastructure	(1,574,619)	(1,204,545)
Landscaping improvements	(335,357)	(233,416)
Right-to-use leased assets	(957,149)	(637,410)
	(2,867,125)	(2,075,371)
Depreciable capital assets, net	19,454,667	16,727,434
Capital assets, net	$ 25,279,834	$ 22,261,021

Capital asset additions during the current fiscal year include the following:

- Granger Pines Phase 4 - clearing and grubbing
- Granger Pines Sections 5 and 6 - landscape reserves
- Wastewater treatment plant phase 3 – right-to-use leased asset
- Water meters

Additionally, Montgomery County assumes responsibility (after a one-year maintenance period) for road facilities constructed to serve the District. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended June 30, 2025, capital assets in the amount of $92,234 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Lease Obligations

The District has entered into various equipment lease obligations for interim wastewater treatment plants and a water plant. The District recognized right-to-use leased assets and lease obligations in the amount of $6,070,909 for these leases. The balance due for the leases as of June 30, 2025, was $5,309,578.

Long-Term Debt and Related Liabilities

As of June 30, 2025, the District owes approximately $15,082,176 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $14,060,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

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

Series	2025	2024
2021 Road	$ 4,735,000	$ 4,870,000
2023	6,575,000	6,675,000
2023A Road	4,800,000	4,800,000
2024	3,390,000	
	$ 19,500,000	$ 16,345,000

During the current fiscal year, the District issued $3,390,000 in unlimited tax bonds. At June 30, 2025, the District had $124,265,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $30,515,000 for parks and recreational facilities and the refunding of such bonds; and $92,625,000 for road improvements and $102,425,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $28,881,000 for the 2025 tax year from $158,306,221 to $187,187,316. For the 2025 tax year, the District has levied a maintenance tax rate of $0.57 per $100 of assessed value, a debt service tax rate of $0.35 per $100 of assessed value, and a road debt service tax rate of $0.43 for a total combined tax rate of $1.35 per $100 of assessed value. Tax rates for the 2024 tax year were $0.65 per $100 for maintenance and operations, $0.245 per $100 for debt service and $0.455 per $100 for road debt service for a combined total of $1.35 per $100 of assessed value.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	$ 2,066,249	$ 2,088,015
Total expenditures	(4,734,579)	(2,081,552)
Revenues over (under) expenditures	(2,668,330)	6,463
Other changes in fund balance	2,925,349	
Net change in fund balance	257,019	6,463
Beginning fund balance	588,672	845,691
Ending fund balance	$ 845,691	$ 852,154

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Basic Financial Statements

Montgomery County Municipal Utility District No. 164
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 97,245	$ 47,505	$ 535,124	$ 679,874	$ -	$ 679,874
Investments	776,204	1,816,487		2,592,691		2,592,691
Taxes receivable	42,394	58,304		100,698		100,698
Customer service receivables	99,331			99,331		99,331
Internal balances	28,928	(28,928)				
Prepaid items	137,888			137,888		137,888
Other receivables		14,104		14,104		14,104
Capital assets not being depreciated					5,825,167	5,825,167
Capital assets, net					19,454,667	19,454,667
Total Assets	$ 1,181,990	$ 1,907,472	$ 535,124	$ 3,624,586	25,279,834	28,904,420
Liabilities						
Accounts payable	$ 138,438	$ -	$ -	$ 138,438		138,438
Other payables	28,549			28,549		28,549
Customer deposits	126,918			126,918		126,918
Accrued interest payable					275,464	275,464
Due to developer					15,082,176	15,082,176
Lease obligations						
Due within one year					344,097	344,097
Due after one year					4,965,481	4,965,481
Long-term debt						
Due within one year					395,000	395,000
Due after one year					19,105,000	19,105,000
Total Liabilities	293,905			293,905	40,167,218	40,461,123
Deferred Inflows of Resources						
Deferred property taxes	42,394	58,304		100,698	(100,698)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	137,888			137,888	(137,888)	
Restricted		1,849,168	535,124	2,384,292	(2,384,292)	
Unassigned	707,803			707,803	(707,803)	
Total Fund Balances	845,691	1,849,168	535,124	3,229,983	(3,229,983)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,181,990	$ 1,907,472	$ 535,124	$ 3,624,586		
Net Position						
Net investment in capital assets					(6,184,322)	(6,184,322)
Restricted for debt service					1,632,008	1,632,008
Unrestricted					(7,004,389)	(7,004,389)
Total Net Position					$ (11,556,703)	$ (11,556,703)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 164
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 339,712	$ -	$ -	$ 339,712	$ -	$ 339,712
Sewer service	508,636			508,636		508,636
Property taxes	1,052,942	1,112,901		2,165,843	(48,305)	2,117,538
Penalties and interest	11,516	16,682		28,198	(6,362)	21,836
Montgomery County tax rebate		381,935		381,935		381,935
Tap connection and inspection	84,072			84,072		84,072
Miscellaneous	45,807	13,514		59,321		59,321
Investment earnings	23,564	58,523	1,500	83,587		83,587
Total Revenues	2,066,249	1,583,555	1,500	3,651,304	(54,667)	3,596,637
Expenditures/Expenses						
Current service operations						
Professional fees	130,184		104,862	235,046		235,046
Contracted services	433,507	28,040		461,547		461,547
Repairs and maintenance	663,360			663,360		663,360
Utilities	86,687			86,687		86,687
Administrative	59,999	10,237	112	70,348		70,348
Other	47,129			47,129		47,129
Capital						
Capital outlay	53,225		2,375,975	2,429,200	(2,429,200)	
Right-to-use leased asset	2,873,518			2,873,518	(2,873,518)	
Debt service						
Principal		235,000		235,000	(235,000)	
Interest and fees		711,494		711,494	48,095	759,589
Developer interest			466,224	466,224		466,224
Debt issuance costs			294,382	294,382		294,382
Lease - principal	216,397			216,397	(216,397)	
Lease - interest	170,573			170,573		170,573
Depreciation and amortization					791,754	791,754
Total Expenditures/Expenses	4,734,579	984,771	3,241,555	8,960,905	(4,914,266)	4,046,639
Revenues Over (Under) Expenditures/Expenses	(2,668,330)	598,784	(3,240,055)	(5,309,601)	4,859,599	(450,002)
Other Financing Sources (Uses)						
Proceeds from sale of bonds			3,390,000	3,390,000	(3,390,000)	
Lease financing	2,873,518			2,873,518	(2,873,518)	
Repayment of operating advances			(140,000)	(140,000)	140,000	
Other Items						
Insurance proceeds	51,831			51,831		51,831
Transfers to other governments					(92,234)	(92,234)
Net Change in Fund Balances	257,019	598,784	9,945	865,748	(865,748)	
Change in Net Position					(490,405)	(490,405)
Fund Balance/Net Position						
Beginning of the year	588,672	1,250,384	525,179	2,364,235	(13,430,533)	(11,066,298)
End of the year	$ 845,691	$ 1,849,168	$ 535,124	$ 3,229,983	$ (14,786,686)	$ (11,556,703)

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. 164 (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 an order of the Texas Commission on Environmental Quality, dated November 2, 2018. The District was created pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of Texas and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 18, 2019, and the first bonds were issued on December 7, 2021.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, and parks and recreational facilities and the construction of road facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. 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 sources of revenue for debt service are property taxes and Montgomery County tax rebates. 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, drainage and parks and recreational facilities, and road facilities.

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, interest earned on investments and income from District operations. 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, 2025, an allowance for possible uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

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

Capital Assets

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

Capital assets are recorded at historical cost or estimated historical cost. Right-to-use leased assets are valued at the present value of future lease payments. 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 water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Landscaping improvements	20 years
Right-to-use leased assets	10 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 Montgomery County tax rebates 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 value of unbilled utility revenues and 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		$ 3,229,983
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 28,146,959	
Less accumulated depreciation/amortization	(2,867,125)	
		25,279,834
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	(275,464)	
Lease obligations	(5,309,578)	
Due to developer	(15,082,176)	
Bonds payable	(19,500,000)	
		(40,167,218)
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.		100,698
Total net position - governmental activities		$ (11,556,703)

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		$ 865,748
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.		(54,667)
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	$ 2,429,200	
Right-to-use leased asset	2,873,518	
Transfers to other governments	(92,234)	
Depreciation/amortization expense	(791,754)	
		4,418,730
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:		
Principal payments - leases	216,397	
Lease financing	(2,873,518)	
Issuance of long-term debt	(3,390,000)	
Repayment of developer advances	140,000	
Principal payments - bonds	235,000	
Interest expense accrual	(48,095)	
		(5,720,216)
Change in net position of governmental activities		$ (490,405)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	$ 776,204		
	Debt Service	1,816,487		
Total		$ 2,592,691	AAAm	37 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 administer 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.

Note 4 – Interfund Balances and Transactions

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

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 28,928	Maintenance tax collections not remitted as of year end

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

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 5,533,587	$ 291,580	$ 5,825,167
Capital assets being depreciated/amortized			
Infrastructure	14,010,103	201,966	14,212,069
Landscaping improvements	1,595,311	443,503	2,038,814
Right-to-use leased assets	3,197,391	2,873,518	6,070,909
	18,802,805	3,518,987	22,321,792
Less accumulated depreciation/amortization			
Infrastructure	(1,204,545)	(370,074)	(1,574,619)
Landscaping improvements	(233,416)	(101,941)	(335,357)
Right-to-use leased assets	(637,410)	(319,739)	(957,149)
	(2,075,371)	(791,754)	(2,867,125)
Subtotal depreciable capital assets, net	16,727,434	2,727,233	19,454,667
Capital assets, net	$ 22,261,021	$ 3,018,813	$ 25,279,834

Depreciation/amortization expense for the current fiscal year was $791,754.

Note 6 – 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 advance funds for the construction of facilities to serve 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	$ 16,622,093
Developer reimbursements	(2,375,975)
Developer funded construction and adjustments	976,058
Repayment of operating advances	(140,000)
Due to developer, end of year	$ 15,082,176

In addition, the District will owe the developer approximately $14,060,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*
Granger Pines detention and mass grading Phase 4A and Collector Road Phase 4	$ 3,250,000
Granger Pines Section 8 - utilities and paving	2,570,000
Granger Pines Section 9 - utilities and paving	2,650,000
Granger Pines Water Plant No. 2	5,050,000
Granger Pines Sections 8 and 9 Trails and Landscape Reserves	540,000
	$ 14,060,000

* Rounded to the nearest $10,000.

Note 7 – Lease Obligations

The District has entered into multiple equipment lease agreements for interim water and wastewater treatment plants. The terms of these leases resulted in the recognition of right-to-use leased assets and lease obligations in the government-wide statements measured at the present value of future lease payments.

The following table summarizes the key terms of the District's lease obligations:

Description	Remaining Balance	Original Liability	Monthly Payment	Commencement Date	Term	Interest Rate
WWTP, Phase 1	$ 788,919	$ 1,257,952	$ 12,300	May 1, 2021	10 years	3%
WWTP, Phase 2	1,215,343	1,353,439	13,525	March 1, 2023	10 years	8%
WP, Phase 3	431,798	586,000	6,423	October 1, 2023	10 years	10%
WWTP, Phase 3	2,873,518	2,873,518	36,500	*August 1, 2025	10 years	12%
	$ 5,309,578					

*Expected commencement date.

Annual requirements to amortize long-term lease obligations and related interest are as follows:

Year Ended	Principal	Interest	Total
2026	$ 344,097	$ 444,373	$ 788,470
2027	347,744	477,226	824,970
2028	454,499	445,436	899,935
2029	503,026	403,724	906,750
2030	549,398	357,352	906,750
2031 - 2035	3,067,935	87,052	3,154,987
2036	42,879	438	43,317
	$ 5,309,578	$ 2,215,601	$ 7,525,179
Due within one year	$ 344,097	$ 444,373	$ 788,470

All leases contain standard lease terms that state that the leases shall automatically be extended on a month-to-month basis after the initial term of the lease, unless otherwise terminated. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment under all leases. Additionally, all leases required payment of first and last month's lease payment upon execution of the lease. All such amounts are recorded as a prepaid expense on the *Statement of Net Position*.

The allocation of lease payments between principal and interest for the current fiscal year is as follows:

Description	Annual Payment	Principal	Interest
WWTP, Phase 1	$ 147,600	$ 121,934	$ 25,666
WWTP, Phase 2	162,300	62,341	99,959
WP, Phase 3	77,070	32,122	44,948
Totals	$ 386,970	$ 216,397	$ 170,573

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 19,500,000
Due within one year	$ 395,000

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2021 Road	$ 4,735,000	$ 5,000,000	1.80% - 3.00%	September 1, 2023/2046	September 1, March 1	September 1, 2027
2023	6,575,000	6,675,000	4.00% - 6.50%	September 1, 2024/2048	September 1, March 1	September 1, 2029
2023A Road	4,800,000	4,800,000	4.625% - 7.125%	September 1, 2025/2048	September 1, March 1	September 1, 2029
2024	3,390,000	3,390,000	4.125% - 6.625%	September 1, 2026/2050	September 1, March 1	September 1, 2030
	$ 19,500,000					

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, 2025, the District had authorized but unissued bonds in the amount of $124,265,000 for water, sewer and drainage facilities and the refunding of such bonds; $30,515,000 for parks and recreational facilities and the refunding of such bonds; and $92,625,000 for road improvements and $102,425,000 for the refunding of such bonds.

On December 3, 2024, the District issued its $3,390,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.474281%. Proceeds of the bonds were used to reimburse the developer for operating advances, the construction of capital assets within the District, and to pay developer interest at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	$ 16,345,000
Bonds issued	3,390,000
Bonds retired	(235,000)
Bonds payable, end of year	$ 19,500,000

As of June 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 395,000	$ 809,672	$ 1,204,672
2027	485,000	787,022	1,272,022
2028	505,000	760,955	1,265,955
2029	530,000	733,545	1,263,545
2030	550,000	704,713	1,254,713
2031	585,000	678,429	1,263,429
2032	610,000	655,829	1,265,829
2033	635,000	633,173	1,268,173
2034	670,000	609,218	1,279,218
2035	695,000	583,949	1,278,949
2036	730,000	557,350	1,287,350
2037	765,000	529,076	1,294,076
2038	800,000	498,861	1,298,861
2039	840,000	466,542	1,306,542
2040	885,000	432,000	1,317,000
2041	920,000	395,413	1,315,413
2042	965,000	357,000	1,322,000
2043	1,010,000	316,637	1,326,637
2044	1,055,000	274,079	1,329,079
2045	1,105,000	229,297	1,334,297
2046	1,160,000	182,326	1,342,326
2047	1,215,000	133,038	1,348,038
2048	945,000	86,276	1,031,276
2049	995,000	42,078	1,037,078
2050	220,000	14,738	234,738
2051	230,000	5,031	235,031
	$ 19,500,000	$ 11,476,247	$ 30,976,247

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 use in financing 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 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $1.35 per $100 of assessed value, of which $0.65 was allocated to maintenance and operations, $0.245 was allocated to debt service, and $0.455 was allocated to road debt service. The resulting tax levy was $2,137,134 on the adjusted taxable value of $158,306,221.

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

Current year taxes receivable	$ 80,292
Prior years taxes receivable	6,378
	86,670
Penalty and interest receivable	14,028
Property taxes receivable	$ 100,698

Note 10 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended June 30, 2025, the District recorded transfers to other governments in the amount of $92,234 for right-of-way acquisitions and adjustments to the value of capital assets transferred to the County in a previous fiscal year.

Note 11 – Strategic Partnership Agreement

On February 11, 2021, the District and the City of Conroe (the "City") entered into a Strategic Partnership Agreement under which the City may annex the District for limited purposes. If any part of the District is annexed for limited purposes, the District continues to exercise all powers and functions of a municipal utility district. The City has not yet annexed any part of the District for limited purpose.

The City agrees that it will not annex all or part of the District for full purposes before December 31, 2037. If the City annexes the District for full purposes, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City.

If debt of the District remains outstanding on the full purpose annexation conversion date or if the District has not fully reimbursed any developer within the District in accordance with any written reimbursement agreement, then the District shall become a "limited district". The "limited district" shall be known as Montgomery County Municipal Utility District No. 164 and shall continue until the

City dissolved the "limited district" by ordinance at any time after 90% build out. The powers of the "limited district" are restricted to the levy and collection of ad valorem taxes sufficient to meet the District's outstanding debt service requirements.

Note 12 – Agreement for the Financing and Construction of Road Improvements

On October 10, 2019, the District and Montgomery County, Texas entered into an Agreement for the Financing and Construction of Road Improvements (the "Agreement"), whereby the County will rebate a portion of the County's tax revenue as a result of new development in the District. These rebated tax revenues will be used to finance certain major thoroughfare road improvements within the District. The County agrees to pay an annual payment to the District in an amount equal to 75% of the County's maintenance and operation tax revenue levied on the increment over base value for construction of bridge crossing, collector road, turn lane and traffic signal. The Agreement obligates the County to rebate up to $10,650,000 to the District to finance these improvements. The term of the Agreement will be in effect until (1) the date on which all Road Improvement Costs have been paid in full by the County, up to the Reimbursement Cap, or (2) 25 years from the date of the Agreement. During the current fiscal year, the District received $381,935 in tax rebate from the County.

Note 13 – 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 14 – Subsequent Event

On November 4, 2025, the District issued its $5,160,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.756119%. Proceeds from the bonds will be used to reimburse the District's developer for road facilities constructed in the District.

Required Supplementary Information

Montgomery County Municipal Utility District No. 164
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 410,000	$ 339,712	$ (70,288)
Sewer service	450,000	508,636	58,636
Property taxes	663,230	1,052,942	389,712
Penalties and interest		11,516	11,516
Tap connection and inspection	163,000	84,072	(78,928)
Miscellaneous	1,000	45,807	44,807
Investment earnings	30,000	23,564	(6,436)
Total Revenues	1,717,230	2,066,249	349,019
Expenditures			
Current service operations			
Professional fees	177,000	130,184	46,816
Contracted services	341,000	433,507	(92,507)
Repairs and maintenance	558,000	663,360	(105,360)
Utilities	70,000	86,687	(16,687)
Administrative	54,500	59,999	(5,499)
Other	24,200	47,129	(22,929)
Capital			
Capital outlay	100,000	53,225	46,775
Right-to-use leased asset		2,873,518	(2,873,518)
Debt service			
Lease - principal	387,000	216,397	170,603
Lease - interest		170,573	(170,573)
Total Expenditures	1,711,700	4,734,579	(3,022,879)
Revenues Over (Under) Expenditures	5,530	(2,668,330)	(2,673,860)
Other Financing Sources			
Lease financing		2,873,518	2,873,518
Other Item			
Insurance proceeds		51,831	51,831
Net Change in Fund Balance	5,530	257,019	251,489
Fund Balance			
Beginning of the year	588,672	588,672	
End of the year	$ 594,202	$ 845,691	$ 251,489

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Montgomery County Municipal Utility District No. 164
TSI-1. Services and Rates
June 30, 2025

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

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

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

[ ] Other (Specify): _____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	$ 20.00	5,000	N	$ 2.00	5,001 to 10,000
				$ 2.75	10,001 to 15,000
				$ 3.50	15,001 to 20,000
				$ 4.50	20,001 to 30,000
				$ 6.00	30,001 to no limit
Wastewater:	$ 50.00	N/A	Y		
LSGCD fee*:	$ 0.085	N/A	N	$ 0.085	1,000 to no limit

*Lone Star Groundwater Conservation District ("LSGCD") fee

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 30.85 Wastewater $ 50.00

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"	872	855	x 1.0	855
1"			x 2.5	
1.5"			x 5.0	
2"	1	1	x 8.0	8
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	874	857		888
Total Wastewater	862	845	x 1.0	845

See accompanying auditor's report.

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

Gallons pumped into system:	93,549,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	84,756,000	90.60%

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

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

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

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 [ ] Partly [ ] Not at all [X]

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

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

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

ETJs in which the District is located: City of Conroe

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. 164
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2025

Professional fees		
Legal	$	79,393
Audit		20,000
Engineering		30,791
		130,184
Contracted services		
Bookkeeping		15,289
Operator		129,785
Garbage collection		234,328
Inspection		54,105
		433,507
Repairs and maintenance		663,360
Utilities		86,687
Administrative		
Directors fees		21,437
Printing and office supplies		2,173
Insurance		24,039
Other		12,350
		59,999
Other		47,129
Capital		
Capital outlay		53,225
Right-to-use leased asset		2,873,518
		2,926,743
Debt service		
Lease - principal		216,397
Lease - interest		170,573
		386,970
Total expenditures	$	4,734,579

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-3. Investments
June 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	$ 776,204
Debt Service			
Texas CLASS	Variable	N/A	688,054
Texas CLASS	Variable	N/A	1,128,433
			1,816,487
Total - All Funds			$ 2,592,691

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-4. Taxes Levied and Receivable
June 30, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 77,526	$ 40,634	$ 16,817	$ 134,977
Adjustments to Prior Year Tax Levy	(11,180)	(6,590)	(1,827)	(19,597)
Adjusted Receivable	66,346	34,044	14,990	115,380
2024 Original Tax Levy	940,389	354,454	658,272	1,953,115
Adjustments	88,602	33,396	62,021	184,019
Adjusted Tax Levy	1,028,991	387,850	720,293	2,137,134
Total to be accounted for	1,095,337	421,894	735,283	2,252,514
Tax collections:				
Current year	990,331	373,279	693,232	2,056,842
Prior years	62,612	32,767	13,623	109,002
Total Collections	1,052,943	406,046	706,855	2,165,844
Taxes Receivable, End of Year	$ 42,394	$ 15,848	$ 28,428	$ 86,670
Taxes Receivable, By Years				
2024	$ 38,660	$ 14,571	$ 27,061	$ 80,292
2023	2,414	1,277	514	4,205
2022	1,320		853	2,173
Taxes Receivable, End of Year	$ 42,394	$ 15,848	$ 28,428	$ 86,670

	2024	2023	2022	2021
Property Valuations:				
Land	$ 38,722,358	$ 31,279,090	$ 29,465,310	$ 9,796,960
Improvements	130,683,594	138,193,577	62,069,830	26,646,180
Personal Property	550,423	273,149	255,460	63,120
Exemptions	(11,650,154)	(11,331,624)	(8,651,473)	(6,852,145)
Total Property Valuations	$ 158,306,221	$ 158,414,192	$ 83,139,127	$ 29,654,115
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.650	$ 0.775	$ 0.82	$ 1.35
Debt service tax rates	0.245	0.410		
Road debt service tax rates	0.455	0.165	0.53	
Total Tax Rates per $100 Valuation	$ 1.350	$ 1.350	$ 1.35	$ 1.35
Adjusted Tax Levy:	$ 2,137,134	$ 2,138,592	$ 1,122,378	$ 400,331
Percentage of Taxes Collected to Taxes Levied **	96.24%	99.80%	99.81%	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. 164
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$ 140,000	$ 122,065	$ 262,065
2027	145,000	119,500	264,500
2028	150,000	116,845	266,845
2029	155,000	114,023	269,023
2030	160,000	110,950	270,950
2031	170,000	107,650	277,650
2032	175,000	104,113	279,113
2033	180,000	100,295	280,295
2034	190,000	96,130	286,130
2035	195,000	91,605	286,605
2036	205,000	86,703	291,703
2037	210,000	81,410	291,410
2038	220,000	75,710	295,710
2039	230,000	69,520	299,520
2040	240,000	62,700	302,700
2041	250,000	55,350	305,350
2042	260,000	47,700	307,700
2043	270,000	39,750	309,750
2044	280,000	31,500	311,500
2045	290,000	22,950	312,950
2046	305,000	14,025	319,025
2047	315,000	4,725	319,725
	$ 4,735,000	$ 1,675,219	$ 6,410,219

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$ 145,000	$ 290,725	$ 435,725
2027	155,000	280,975	435,975
2028	160,000	270,738	430,738
2029	170,000	260,013	430,013
2030	180,000	248,638	428,638
2031	190,000	238,988	428,988
2032	200,000	231,188	431,188
2033	210,000	222,988	432,988
2034	220,000	214,388	434,388
2035	230,000	205,388	435,388
2036	240,000	195,988	435,988
2037	255,000	186,088	441,088
2038	265,000	175,688	440,688
2039	280,000	164,613	444,613
2040	295,000	152,753	447,753
2041	305,000	140,188	445,188
2042	320,000	126,906	446,906
2043	340,000	112,881	452,881
2044	355,000	97,891	452,891
2045	375,000	81,922	456,922
2046	390,000	65,188	455,188
2047	410,000	47,688	457,688
2048	430,000	29,313	459,313
2049	455,000	9,953	464,953
	$ 6,575,000	$ 4,051,089	$ 10,626,089

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-5. Long-Term Debt Service Requirements
Series 2023A Road--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$ 110,000	$ 244,863	$ 354,863
2027	115,000	236,847	351,847
2028	120,000	228,475	348,475
2029	125,000	219,747	344,747
2030	130,000	210,663	340,663
2031	140,000	202,794	342,794
2032	145,000	196,203	341,203
2033	150,000	189,381	339,381
2034	160,000	182,213	342,213
2035	165,000	174,697	339,697
2036	175,000	166,834	341,834
2037	185,000	158,394	343,394
2038	195,000	149,125	344,125
2039	205,000	139,125	344,125
2040	215,000	128,625	343,625
2041	225,000	117,625	342,625
2042	235,000	106,125	341,125
2043	245,000	94,125	339,125
2044	260,000	81,500	341,500
2045	270,000	68,250	338,250
2046	285,000	54,375	339,375
2047	300,000	39,750	339,750
2048	315,000	24,375	339,375
2049	330,000	8,250	338,250
	$ 4,800,000	$ 3,422,361	$ 8,222,361

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$ -	$ 152,019	$ 152,019
2027	70,000	149,700	219,700
2028	75,000	144,897	219,897
2029	80,000	139,762	219,762
2030	80,000	134,462	214,462
2031	85,000	128,997	213,997
2032	90,000	124,325	214,325
2033	95,000	120,509	215,509
2034	100,000	116,487	216,487
2035	105,000	112,259	217,259
2036	110,000	107,825	217,825
2037	115,000	103,184	218,184
2038	120,000	98,338	218,338
2039	125,000	93,284	218,284
2040	135,000	87,922	222,922
2041	140,000	82,250	222,250
2042	150,000	76,269	226,269
2043	155,000	69,881	224,881
2044	160,000	63,188	223,188
2045	170,000	56,175	226,175
2046	180,000	48,738	228,738
2047	190,000	40,875	230,875
2048	200,000	32,588	232,588
2049	210,000	23,875	233,875
2050	220,000	14,738	234,738
2051	230,000	5,031	235,031
	$ 3,390,000	$ 2,327,578	$ 5,717,578

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	$ 395,000	$ 809,672	$ 1,204,672
2027	485,000	787,022	1,272,022
2028	505,000	760,955	1,265,955
2029	530,000	733,545	1,263,545
2030	550,000	704,713	1,254,713
2031	585,000	678,429	1,263,429
2032	610,000	655,829	1,265,829
2033	635,000	633,173	1,268,173
2034	670,000	609,218	1,279,218
2035	695,000	583,949	1,278,949
2036	730,000	557,350	1,287,350
2037	765,000	529,076	1,294,076
2038	800,000	498,861	1,298,861
2039	840,000	466,542	1,306,542
2040	885,000	432,000	1,317,000
2041	920,000	395,413	1,315,413
2042	965,000	357,000	1,322,000
2043	1,010,000	316,637	1,326,637
2044	1,055,000	274,079	1,329,079
2045	1,105,000	229,297	1,334,297
2046	1,160,000	182,326	1,342,326
2047	1,215,000	133,038	1,348,038
2048	945,000	86,276	1,031,276
2049	995,000	42,078	1,037,078
2050	220,000	14,738	234,738
2051	230,000	5,031	235,031
	$ 19,500,000	$ 11,476,247	$ 30,976,247

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 164
TSI-6. Change in Long-Term Bonded Debt
June 30, 2025

	Bond Issue			
	Series 2021 Road	Series 2023	Series 2023A Road	Series 2024
Interest rate	1.80% - 3.00%	4.00% - 6.50%	4.625% - 7.125%	4.125% - 6.625%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/23 - 9/1/46	9/1/24 - 9/1/48	9/1/25 - 9/1/48	9/1/26 - 9/1/50
Beginning bonds outstanding	$ 4,870,000	$ 6,675,000	$ 4,800,000	$ -
Bonds issued				3,390,000
Bonds retired	(135,000)	(100,000)		
Ending bonds outstanding	$ 4,735,000	$ 6,575,000	$ 4,800,000	$ 3,390,000
Interest paid during fiscal year	$ 124,540	$ 298,688	$ 248,781	$ 38,005
Paying agent's name and city				
Series 2024	The Bank of New York Mellon Trust Company, N.A., Houston, Texas			
All other Series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage and Refunding Bonds	Road Bonds	Parks and Recreational Facilities and Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 134,330,000	$ 102,425,000	$ 30,515,000	$ 102,425,000
Amount Issued	(10,065,000)	(9,800,000)		
Remaining To Be Issued	$ 124,265,000	$ 92,625,000	$ 30,515,000	$ 102,425,000

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, 2025:	$ 1,863,992
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,191,394

See accompanying auditor's report.

Totals
$ 16,345,000
3,390,000
(235,000)
$ 19,500,000
$ 710,014

Montgomery County Municipal Utility District No. 164
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Water service	$ 339,712	$ 285,098	$ 288,689	$ 195,200	$ 194,018
Sewer service	508,636	370,209	428,577	285,009	108,273
Property taxes	1,052,942	1,179,332	674,044	381,098	1,720
Penalties and interest	11,516			4,899	
Tap connection and inspection	84,072	225,762	169,430	428,207	200,502
Miscellaneous	45,807	25,441	79,763	9,194	
Investment earnings	23,564	12,775	457	328	82
Total Revenues	2,066,249	2,098,617	1,640,960	1,303,935	504,595
Expenditures					
Current service operations					
Professional fees	130,184	176,818	166,195	153,132	122,326
Contracted services	433,507	358,787	378,478	653,918	262,637
Repairs and maintenance	663,360	546,115	618,497	654,523	64,010
Utilities	86,687	76,388	73,548	62,159	42,941
Administrative	59,999	54,554	49,809	33,413	19,774
Other	47,129	29,414	15,126	20,649	38,248
Capital					
Capital outlay	53,225	94,783			
Right-to-use leased asset	2,873,518		574,997		
Debt service					
Lease - principal	216,397	297,980	126,342	103,639	16,973
Lease - interest	170,573	169,723	42,358	4,361	1,027
Total Expenditures	4,734,579	1,804,562	2,045,350	1,685,794	567,936
Revenues Over (Under) Expenditures	$ (2,668,330)	$ 294,055	$ (404,390)	$ (381,859)	$ (63,341)
Total Active Retail Water Connections	857	810	664	532	199
Total Active Retail Wastewater Connections	845	798	667	526	197

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
16%	14%	18%	15%	38%
25%	18%	26%	22%	21%
51%	55%	41%	29%	*
1%			*	
4%	11%	10%	33%	41%
2%	1%	5%	1%	
1%	1%	*	*	*
100%	100%	100%	100%	100%
6%	8%	10%	12%	24%
21%	17%	23%	50%	52%
32%	26%	38%	50%	13%
4%	4%	4%	5%	9%
3%	3%	3%	3%	4%
2%	1%	1%	2%	8%
3%	5%			
139%		35%		
10%	14%	8%	8%	3%
8%	8%	3%	*	*
228%	86%	125%	130%	113%
(128%)	14%	(25%)	(30%)	(13%)

Montgomery County Municipal Utility District No. 164
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Four Fiscal Years

	Amounts			
	2025	2024	2023	2022
Revenues				
Property taxes	$ 1,112,901	$ 871,087	$ 440,744	$ -
Penalties and interest	16,682	10,098	5,228	
Montgomery County tax rebate	381,935			
Miscellaneous	13,514	17,917	5,073	
Investment earnings	58,523	9,936	374	82
Total Revenues	1,583,555	909,038	451,419	82
Expenditures				
Tax collection services	38,277	31,060	26,627	7
Debt service				
Principal	235,000	130,000		
Interest and fees	711,494	380,011	128,845	29,889
Total Expenditures	984,771	541,071	155,472	29,896
Revenues Over (Under) Expenditures	$ 598,784	$ 367,967	$ 295,947	$ (29,814)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues			
2025	2024	2023	2022
70%	96%	98%	-%
1%	1%	1%	-
24%			-
1%	2%	1%	-
4%	1%	*	-
100%	100%	100%	-
2%	3%	6%	-
15%	14%		-
45%	42%	29%	-
62%	59%	35%	-
38%	41%	65%	-%

Montgomery County Municipal Utility District No. 164
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2025

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, Texas 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	October 11, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Adam McGovern	05/22 - 05/26	$ 5,746	$ 690	President
Steven Stavinoha	05/22 - 05/26	4,199	2,143	Vice President
Doug Wehring	05/22 - 05/26	5,083	2,493	Secretary
Bob Copus	05/24 - 05/28	2,873		Assistant Vice President
Abigail M. Corbett	10/24 - 05/28	2,873		Assistant Secretary
Paul Dominique	05/24 - 07/24	663		Former Director
Consultants		Amounts Paid		
Allen Boone Humphries Robinson, LLP	2019			Attorney
General legal fees		$ 81,342		
Bond counsel		103,242		
Municipal District Services, LLC	2023	758,860		Operator
District Data Services, Inc.	2019	18,137		Bookkeeper
Utility Tax Service, LLC	2019	10,894		Tax Collector
Montgomery Central Appraisal District	Legislation	14,662		Property Valuation
Perdue Brandon Fielder Collins & Mott, LLP	2019	2,426		Delinquent Tax Attorney
Elevation Land Solutions, LLC	2019	85,477		Engineer
McGrath & Co., PLLC	2019	27,750		Auditor
Post Oak Municipal Advisors, LLC	2019	69,209		Financial Advisor
H2O Innovation	2020	36,663		Former Operator

* *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.

SPECIMEN

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

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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