OFFICIAL STATEMENT DATED **NOVEMBER 16**, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE DISTRICT HAS **NOT** DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS."

NEW ISSUE-Book-Entry Only

Insured Rating (AG): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "A2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$9,400,000

SPRING CREEK UTILITY DISTRICT

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

UNLIMITED TAX BONDS
SERIES 2026A

The bonds described above (the "Bonds") are obligations solely of Spring Creek Utility District (the "District") and are not obligations of the State of Texas, Montgomery County, the City of Houston, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated Date: December 1, 2026 **Due: October 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected on or about December 17, 2026) (the "Date of Delivery"), and is payable each April 1 and October 1, commencing April 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

ASSURED GUARANTY

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. ("AG" or the "Insurer").

MATURITY SCHEDULE

Due (Oct. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Oct. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2028	$ 1,000,000	6.125 %	3.30 %	849520 XM8	2032	$ 900,000	6.125 %	3.60 %	849520 XR7
2029	1,000,000	6.125	3.40	849520 XN6	2033	250,000 (c)	6.000	3.70	849520 XS5
2030	1,000,000	6.125	3.50	849520 XP1	2034	250,000 (c)	6.000	3.80	849520 XT3
2031	1,000,000	6.125	3.55	849520 XQ9	2035	250,000 (c)	6.000	3.90	849520 XU0

$1,250,000 Term Bonds due October 1, 2040 (c), 849520 XZ9 (b), 3.625% Interest Rate, 5.00% Yield (a)
$1,250,000 Term Bonds due October 1, 2045 (c), 849520 YE5 (b), 3.625% Interest Rate, 5.30% Yield (a)
$1,250,000 Term Bonds due October 1, 2050 (c), 849520 YK1 (b), 3.625% Interest Rate, 5.45% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser (as herein defined) for offers to the public and which subsequently may be changed.
(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser (as herein defined) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(c) The Bonds maturing on or after October 1, 2033 are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on October 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the respective Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Roach & Associates, PLLC, The Woodlands, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 17, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or representations 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 Roach & Associates, PLLC, Bond Counsel, 480 Wildwood Forest Drive, Suite 140, The Woodlands, Texas, 77380, for further information.

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.

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

Assured Guaranty Inc. ("AG" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer 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 the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") paying the interest rates shown on the cover page hereof, at a price of 97.0028% of the par value thereof, which resulted in a net effective interest rate of 4.634131%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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 and the Bonds have not 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.

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this OFFICIAL STATEMENT. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire OFFICIAL STATEMENT and of the documents summarized or described therein.

THE DISTRICT

Description...

The District is a political subdivision of the State of Texas, created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, and operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended. The District is located in southern Montgomery County approximately 25 miles north of downtown Houston. The District lies approximately three miles east of Interstate Highway 45 ("IH 45") and is bisected by Rayford Road and bounded on the south-southeast by Riley-Fuzzel Road (now the Grand Parkway Tollroad). There are two tollroad metered exits/entrances within the District. The District currently contains approximately 1,112 acres and is wholly within the extraterritorial jurisdiction of the City of Houston. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

Status of Development...

Water, sanitary sewer and drainage facilities, as well as street paving, are complete to serve Fox Run Sections 1 through 12, Legends Run, Sections 1 through 13, Spring Creek Pines, Forest Village, Sections 1 through 13, and Lockeridge Farms, Section 1 (approximately 698 acres developed into 3,693 single family residential lots). As of July 1, 2026, the District contained 3,659 occupied single-family connections and 34 vacant single-family connections. The average home value in the District for tax year 2026 was $211,111.

Commercial development in the District includes a self-storage facility, three convenience stores/gas stations, and a fast-food restaurant on approximately 19 acres of land. A 267,000 square foot Wal-Mart, a CVS Pharmacy, an AT&T store, a UPS store, a Whataburger, a Bank of America, a Regions Bank, a Dentist's office, a Starbucks, a State Farm Insurance agency, a Memorial Eye Center, a Mattress Firm, and a Marco's Pizza have been constructed on a portion of an approximately 28-acre tract that has been developed as Rayford Crossing. A 125,000 square foot Kroger grocery store and ancillary retail establishments, including a PetsMart, T-Mobile Store, a Chipotle, a Spring Creek BBQ, a Chipotle, a Woodson's Pub & Grill, a First Financial Bank, Marble Slab Creamery, Milano Nail Spa, Memorial Hermann Healthcare Center, and various other restaurants have been constructed on an approximately 25-acre tract being marketed as Birnham Woods Marketplace. In addition, a gas station, self-storage facility, day care facility, Chick Fil-A, Taco Bell, a car wash, and various other retail establishments have been constructed on an approximately 10-acre site marketed as Birnham Woods Crossing. In addition, there are approximately 10 acres of commercial tracts that include an ALDI, an automotive center and car wash, a retail shopping center and various food establishments. Regal Cinemas Inc. owns approximately 14 acres of land in the District upon which an approximately 138,700 square-foot building consisting of a movie theater, fast food, bar, and full-service restaurant has been constructed. A commercial sports complex has been constructed on approximately 16 acres within the District. Additionally, vertical construction of a mixed-use multi-family residential and commercial development has begun on a separate approximately 16-acre tract, which includes a 372-unit multi-family development which has been completed and began leasing in August 2026. Construction on the commercial development portion of such tract has not begun. Additionally, a separate approximately 18-acre tract served with trunk utilities is designated for commercial development, upon which no vertical construction has begun.

The District also contains a church located on approximately 8 acres, a Conroe Independent School District flex school constructed on approximately 17 acres, and a Montgomery County Emergency Service District No. 8 fire station located on approximately 3 acres in the District, all of which are not subject to ad valorem taxation. A pool/fitness complex is located on an additional 4 acres within the District. An additional 3 acres of developable but undeveloped land were annexed into the District in October 2026. In addition, the District contains approximately 223 undevelopable acres of land in rights-of- way, easements, drainage channels, parks and open spaces, District plant sites and administrative building, and recreational areas.

Payment Record... The District has previously issued nine series of waterworks and sewer system combination unlimited tax and revenue bonds, eight series of unlimited tax refunding bonds and seven series of unlimited tax bonds, of which $64,400,000 principal amount remains outstanding as of the date hereof (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds.

THE BONDS

Description... The $9,400,000 Unlimited Tax Bonds, Series 2026A (the "Bonds") are being issued pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors. The Bonds are scheduled to mature serially on October 1 in each of the years 2028 through 2035, both inclusive, and as term bonds maturing on October 1 in each of the years 2040, 2045, and 2050 (the "Term Bonds"), in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable April 1, 2027, and each October 1 and April 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

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

Redemption... The Bonds maturing on our after October 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 October 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds... Proceeds of the Bonds will be used to pay for the construction costs and engineering fees shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS;" and to pay administrative costs and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance... The District's voters have authorized the issuance of $27,000,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds and $190,000,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the water, sanitary sewer and drainage facilities to serve land within the District. The Bonds are the seventeenth series of bonds issued out of such aggregate authorization. The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and elections held within the District. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Montgomery County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."

Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to this issue of the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Not Qualified Tax-Exempt Obligations...	The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Not Qualified Tax-Exempt Obligations."
Bond Counsel...	Roach & Associates, PLLC, The Woodlands, Texas. See "MANAGEMENT," "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Certified Taxable Assessed Valuation	$1,041,875,715	(a)
Gross Direct Debt Outstanding	$ 73,800,000	(b)
Ratio of Gross Direct Debt to:		
2026 Certified Taxable Assessed Valuation	7.08%	
Debt Service Funds Available as of October 19, 2026	$9,991,908	(c)
Capital Projects Funds Available as of October 19, 2026	$6,570,021	
Operating Funds Available as of October 19, 2026	$17,862,667	
2026 Debt Service Tax Rate	$0.55	
2026 Maintenance and Operations Tax Rate	0.33	
2026 Total Tax Rate	$0.88	
Average Annual Debt Service Requirement (2027-2050)	$4,123,720	(d)
Maximum Annual Debt Service Requirement (2028)	$7,288,731	(d)
Tax Rate Required to Pay Average Annual Debt Service (2027-2050) at a 95% Collection Rate Based upon 2026 Certified Taxable Assessed Valuation	$0.42	(e)
Tax Rate Required to Pay Maximum Annual Debt Service (2028) at a 95% Collection Rate Based upon 2026 Certified Taxable Assessed Valuation	$0.74	(e)
Status of Development as of July 1, 2026 (f):		
Single-Family Residential – Completed and Occupied	3,659	
Single-Family Residential – Completed and Unoccupied	34	
Multi-Family Residential (Units)	55	
Commercial	55	
Other (Irrigation, Rental and District)	77	
Total	3,825	
Estimated 2026 Population	13,551	(g)

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
(c) Neither Texas law nor the Bond Order requires that the District maintain any particular balance in the Debt Service Fund.
(d) See "DEBT SERVICE REQUIREMENTS."
(e) See "TAX DATA—Tax Adequacy for Debt Service."
(f) See "THE DISTRICT—Status of Development."
(g) Based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family unit.

OFFICIAL STATEMENT

SPRING CREEK UTILITY DISTRICT
(A political subdivision of the State of Texas located within Montgomery County)

$9,400,000

UNLIMITED TAX BONDS
SERIES 2026A

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Spring Creek Utility District (the "District") of its $9,400,000 Unlimited Tax Bonds, Series 2026A (the "Bonds").

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), an order authorizing the issuance of the Bonds (the "Bond Order") 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, elections held within the District, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, and development activity in 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 Roach & Associates, PLLC, Bond Counsel, 480 Wildwood Forest Drive, Suite 140, The Woodlands, Texas 77380.

THE BONDS

Description

The Bonds will be dated December 1, 2026, with interest accruing from the Date of Delivery, payable each April 1 and October 1, beginning April 1, 2027 (each an "Interest Payment Date"), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Order, the Board has appointed The Bank of New York Mellon Trust Company, N.A., 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. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding 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 upon 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 Order.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remains outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

Funds

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

The proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund, to be used for the purpose of funding certain construction costs and engineering fees and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on October 1 in each of the years 2040, 2045 and 2050 (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 October 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" below):

$1,250,000 Term Bonds Due October 1, 2040		**$1,250,000 Term Bonds Due October 1, 2045**		**$1,250,000 Term Bonds Due October 1, 2050**	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2036	$ 250,000	2041	$ 250,000	2046	$ 250,000
2037	250,000	2042	250,000	2047	250,000
2038	250,000	2043	250,000	2048	250,000
2039	250,000	2044	250,000	2049	250,000
2040 (maturity)	250,000	2045 (maturity)	250,000	2050 (maturity)	250,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond 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 Order. 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 registrar or 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 or after October 1, 2033 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000 on October 1, 2032, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

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 less than all the Bonds outstanding 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At multiple bond elections held within the District, voters have authorized the issuance of $27,000,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds and $190,000,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the water, sanitary sewer and drainage facilities to serve land within the District. The Bonds are issued pursuant to such authorization. See "Issuance of Additional Debt" herein.

Additionally, the Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Order, 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 relating to 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.

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 Order.

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be 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, apparently destroyed, or wrongfully taken, 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.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order 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.

Issuance of Additional Debt

The District's voters have authorized the issuance of $27,000,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds and $190,000,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the water, sanitary sewer and drainage facilities to serve land within the District. The District's voters have also authorized $144,000,000 principal amount of unlimited tax bonds for refunding bonds previously issued by the District. The District's voters could authorize additional amounts in future elections. After issuance of the Bonds, the District will have $106,460,000 principal amount of authorized but unissued unlimited tax bonds and $5,155,000 principal amount of authorized but unissued waterworks and sewer system combination unlimited tax and revenue bonds for purposes of acquiring and constructing water, sanitary sewer and drainage facilities. In addition, the District currently has $139,355,692 principal amount of authorized but unissued bonds for refunding purposes. The Bond Order imposes no limitation on the amount of additional parity bonds which may be subsequently authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District is authorized by statute to construct park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The principal amount of bonds sold by the District to construct park and recreational facilities is limited to one percent (1%) 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 not exceed an amount greater than three percent (3%) of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District 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) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election for the issuance of fire-fighting bonds at this time.

Pursuant to Chapter 54 of the Water Code, as amended, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" nor calling such an election at this time.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, Texas ("Houston" or 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.

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

Pursuant to Chapter 43 of the Texas Local Government Code, the City and the District entered into a Strategic Partnership Agreement effective December 19, 2011 (as Amended and Restated effective November 22, 2013) to provide for a "limited purpose annexation" of that portion of the District that has been developed for retail and commercial purposes. See "THE DISTRICT—Strategic Partnership Agreement."

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 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.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 Order 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 that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, 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 Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "INVESTMENT CONSIDERATIONS—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 Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning Depository Trust Company ("DTC"), New York, NY, 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 is on file with DTC.

The 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 Bond certificate will be issued for each stated maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 of "AA+" by S&P Global Ratings. 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 Owners") 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) 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).

Principal, premium, if any, interest payments and redemption proceeds 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 Paying Agent, 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds 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, 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. 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the District and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by Cobb, Fendley & Associates, Inc. (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION COSTS		
• SJRA Waterline Extension	$	819,000
• Water Plant No. 2 Surface Water Interconnect		626,667
• Fox Run Section 1 Drainage Improvements and Waterline		5,160,720
• Contingencies		1,176,544
• Engineering		893,267
Total Construction Costs	**$**	**8,676,198**
NON-CONSTRUCTION COSTS		
• Legal Fees	$	188,000
• Financial Advisory Fees		188,000
• Underwriter's Discount (a)		281,736
• Bond Issuance Expenses		42,302
• TCEQ Fee (0.25%)		23,500
• Attorney General Fee (0.10%)(b)		-
• Bond Application Report Cost (c)		-
• Contingency (a)		264
Total Issuance Costs and Fees	**$**	**723,802**
TOTAL BOND ISSUE REQUIREMENT	**$**	**9,400,000**

(a) The TCEQ approved a maximum Underwriter's discount of 3.00%. Contingency represents the difference between the actual and estimated amount of Underwriter's Discount.

(b) The Attorney General Fee of $9,400 will be paid from surplus Capital Projects funds from the Series 2026 Bonds or Operating Funds.

(c) Bond Application Report costs were paid with proceeds from the Series 2026 Bonds.

THE DISTRICT

General

Spring Creek Utility District (the "District") is a municipal utility district created by House Bill No. 1758 (62nd Texas Legislature, 1971). The District operates under 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 subject to the continuing supervision of the TCEQ. The District is located wholly within the exclusive extraterritorial jurisdiction of the City and within the boundaries of the Conroe Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts after approval from the City, the TCEQ and the voters of the District. The District is authorized by statute to develop and finance parks and recreational facilities. See "District Parks and Recreation Facilities" below. Additionally, the District may develop and finance roads, subject to certain limitations and the granting of road powers by the TCEQ.

The TCEQ 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 to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, roads, fire-fighting facilities and park and recreational facilities and the refunding of outstanding debt obligations; 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 systems are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

Description and Location

The District, which currently contains approximately 1,112 acres of land, is located in the southern portion of Montgomery County approximately 25 miles north of the downtown business area of the City and 13 miles south of the City of Conroe, the largest city and county seat of Montgomery County. The District is bisected by Rayford Road and bound on the south-southeast by Riley-Fuzzel Road (now the Grand Parkway Tollroad). There are two toll road metered exits/entrances within the District. Access to Houston's central business district is provided via Rayford Road west three miles to IH 45 and the Hardy Toll Road two miles to the west. See "AERIAL PHOTOGRAPH."

Status of Development

Water, sanitary sewer and drainage facilities, as well as street paving, are complete to serve Fox Run Sections 1 through 12, Legends Run, Sections 1 through 13, Spring Creek Pines, Forest Village, Sections 1 through 13, and Lockeridge Farms, Section 1 (approximately 698 acres developed into 3,693 single family residential lots). As of July 1, 2026, the District contained 3,659 occupied single-family connections and 34 vacant single-family connections. The average home value in the District for tax year 2026 was $211,111.

Commercial development in the District includes a self-storage facility, three convenience stores/gas stations, and a fast-food restaurant on approximately 19 acres of land. A 267,000 square foot Wal-Mart, a CVS Pharmacy, an AT&T store, a UPS store, a Whataburger, a Bank of America, a Regions Bank, a Dentist's office, a Starbucks, a State Farm Insurance agency, a Memorial Eye Center, a Mattress Firm, and a Marco's Pizza have been constructed on a portion of an approximately 28-acre tract that has been developed as Rayford Crossing. A 125,000 square foot Kroger grocery store and ancillary retail establishments, including a PetsMart, T-Mobile Store, a Chipotle, a Spring Creek BBQ, a Chipotle, a Woodson's Pub & Grill, a First Financial Bank, Marble Slab Creamery, Milano Nail Spa, Memorial Hermann Healthcare Center, and various other restaurants have been constructed on an approximately 25-acre tract being marketed as Birnham Woods Marketplace. In addition, a gas station, self-storage facility, day care facility, Chick Fil-A, Taco Bell, a car wash, and various other retail establishments have been constructed on an approximately 10-acre site marketed as Birnham Woods Crossing. In addition, there are approximately 10 acres of commercial tracts that include an ALDI, an automotive center and car wash, a retail shopping center and various food establishments. Regal Cinemas Inc. owns approximately 14 acres of land in the District upon which an approximately 138,700 square-foot building consisting of a movie theater, fast food, bar, and full-service restaurant has been constructed. A commercial sports complex has been constructed on approximately 16 acres within the District. Additionally, vertical construction of a mixed-use multi-family residential and commercial development has begun on a separate approximately 16-acre tract , which includes a 372-unit multi-family development which has been completed and began leasing in August 2026. Construction on the commercial development portion of such tract has not begun. Additionally, a separate approximately 18-acre tract served with trunk utilities is designated for commercial development, upon which no vertical construction has begun.

The District also contains a church located on approximately 8 acres, a Conroe Independent School District flex school constructed on approximately 17 acres, and a Montgomery County Emergency Service District No. 8 fire station located on approximately 3 acres in the District, all of which are not subject to ad valorem taxation. A pool/fitness complex is located on an additional 4 acres within the District. An additional 3 acres of developable but undeveloped land were annexed into the District in October 2026. In addition, the District contains approximately 223 undevelopable acres of land in rights-of- way, easements, drainage channels, parks and open spaces, District plant sites and administrative building, and recreational areas.

District Parks and Recreation Facilities

The District owns Fox Springs Park, a park and recreation facility. Fox Springs Park was constructed with District general funds and a grant from the Texas Parks and Wildlife Department. The District's park and recreation facilities are located on approximately 20 acres and include a walking/jogging path, two multipurpose fields, two volleyball courts, a children's playground with a play structure, a picnic area and a pond with a fishing pier. Parking facilities are available at the park with handicap access to the facilities. A 4,748 square foot administrative building was constructed to serve as a meeting location for the District's Board of Directors, offices for district staff and consultants, and to function as a community center.

Community Facilities

Amenities located within the boundaries of the District include two swimming pools and a splash pad. Fire protection is provided by the South Montgomery County Volunteer Fire Department. Shopping facilities are located on Rayford Road approximately one-half mile west of the District. Several retail centers located at the intersection of IH 45 and Rayford/Sawdust Road and along IH 45 between Rayford Road and The Woodlands Parkway also provide residents of the District with shopping and banking facilities. The Woodlands Mall, a regional shopping center, is located approximately five miles from the District.

Strategic Partnership Agreement

The District and the City have entered into a Strategic Partnership Agreement (the "SPA") pursuant to Chapter 43 of the Texas Local Government Code effective December 19, 2011 (as Amended and Restated effective November 22, 2013). The SPA provides for the "limited purpose annexation" for that portion of the District which has been or is expected to be developed for retail or commercial purposes in order to apply certain City health, safety, planning and zoning ordinances and to impose a sales tax within that portion of the District. Areas of residential development within the District are not subject to the limited purpose annexation. The SPA also provides that the City will not annex the District for "full purposes" for at least thirty (30) years from the original effective date of the SPA. Upon the effective date of the SPA, the City was authorized to impose the one percent (1%) City sales and use tax within the portion of the District included in the limited purpose annexation. The City is obligated to pay to the District an amount equal to one half (1/2) of all sales and use tax generated within such area of the District and received by the City from the Comptroller of Public Accounts of the State of Texas (the "Sales Tax Revenue"). Pursuant to State law, the District is authorized to use Sales Tax Revenue generated under the SPA for any lawful purpose. None of the Sales Tax Revenue is pledged toward the payment of principal and interest on the Bonds. The District's audited Sales Tax Revenues from the City as of fiscal year ending April 30, 2026 was $729,222.

MANAGEMENT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members reside in the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Claude Humbert	President	May 2030
Mark Fusca	Vice President	May 2028
Leslie Gourley	Secretary	May 2028
Paul Sterling	Asst. Secretary	May 2028
Marion Dougherty	Director	May 2030

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below:

Bond Counsel/Attorney: The District has engaged Roach & Associates, PLLC as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is 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.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of April 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended April 30, 2026.

Engineer: The District's consulting engineer is Cobb, Fendley & Associates, Inc.

Tax Appraisal: The Montgomery Central Appraisal District has the responsibility of appraising all property within the District. See "TAX PROCEDURES."

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been engaged by the District to serve in this capacity.

Bookkeeper: The District has contracted with Clarity Consulting Corporation (the "Bookkeeper") for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is Municipal Operations & Consulting, Inc.

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater, and storm drainage system ("System") as it now exists or may be expanded from time to time is subject to federal, state, and local regulatory jurisdiction. The Texas Commission on Environmental Quality ("Commission") exercises continuing supervisory authority over the District. Discharge of treated wastewater into Texas waters is also subject to the regulatory authority of the Commission and the United States Environmental Protection Agency ("EPA"). Construction of all water, wastewater, and storm drainage facilities is subject to the regulatory authority of Montgomery County, Texas; the City of Houston, Texas; the Commission; the EPA; and in part by Montgomery County Drainage District No. 6.

Water Supply

The District is currently served by two water plants. Spring Creek Utility District Water Plant No. 1 ("SCUD WP 1") includes a 1,200 gallon per minute ("gpm") well, a 500,000 gallon ground storage tank, two 20,000 gallon hydropneumatic pressure tanks, booster pumps with a combined capacity of 3,800 gpm and an auxiliary power generator capable of running the entire plant. Spring Creek Utility District Water Plant No. 2 ("SCUD WP 2") includes 1,203 gpm of water supply capacity, a 210,000 gallon ground storage tank, a 15,000 gallon hydropneumatic pressure tank, booster pumps with a combined capacity of 2,000 gpm, and an auxiliary power generator capable of running the entire plant. According to the Engineer, the combined capacity of SCUD WP 1 and SCUD WP 2 can serve approximately 3,143 equivalent single-family connections.

The District also shares Legends Ranch Water Plant No. 1 ("LR WP 1") with Montgomery County Municipal Utility District No. 89 ("MUD 89"). LR WP 1 consists of one 1,116 GPM well, two 212,000-gallon ground storage tanks, two 15,000-gallon pressure tanks, four booster pumps with a combined capacity of 3,360 gpm and appurtenant equipment. The District currently owns 56% of the capacity in LR WP 1. The District also shares Legends Ranch Water Plant No. 2 ("LR WP 2") with Montgomery County Municipal Utility District No. 88 ("MUD 88"), which includes a 1,056 GPM well, a 1,794 gpm well, one 104,000 gallon ground storage tank, one 333,600 gallon ground storage tank, three 15,000 gallon pressure tanks, and 5,150 GPM of booster pump capacity. The District owns 79.8% of the capacity in certain components in LR WP 2. Pursuant to the Water Facilities Contract dated October 7, 2004, and amendments thereto (the "Water Supply Agreement"), the District financed the entirety of the construction costs of the recent expansion of Legends Ranch Water Plant No. 2. The expansion included the construction of a 1,794 gallon per minute water well, a 100,400 gallon ground storage tank, 1,350 gallons of booster pump capacity, and 15,000 gallons of hydropneumatic tank capacity (the "Expansion Facilities"). MUD 88 has reimbursed the District for 20.2% (MUD 88's applicable share) of the original cost, applicable interest, and any additional expenses related to the construction of the Expansion Facilities. The District is capable of serving an additional 1,362 equivalent single-family connections with its allotted capacity of LR WP 1 and the allotted capacity of LR WP 2. A portion of Bond proceeds will be used to fund improvements to Legends Ranch Water Plant No. 2. Construction on Water Plant No. 3 has begun and is expected to be completed by the third quarter of 2027. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The District has a combined total water plant capacity capable of serving approximately 4,504 connections between SCUD WP1, SCUD WP2, LR WP1, and LR WP2.

The District has two emergency interconnect agreements with Rayford Road Municipal Utility District and Southern Montgomery County Municipal Utility District through Rayford Road Municipal Utility District. The emergency interconnect is normally closed. The District has a second interconnect agreement with MUD 89, and the interconnect is normally left open as part of the shared water plant.

Lone Star Groundwater Conservation District

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"), which was created by the Texas Legislature to conserve, protect and enhance the groundwater resources of Montgomery County. The Conservation District has adopted rules and a regulatory plan for the conservation, preservation, protection, recharge and prevention of waste of groundwater, groundwater reservoirs or their subdivisions and to control subsidence caused by the withdrawal of groundwater from those groundwater resources or their subdivisions.

The Conservation District requires persons and entities, including the District, MCMUD 88 and MCMUD 89 that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Conservation District's rules. The Conservation District had adopted its District Regulatory Plan, which calls for the reduction of groundwater withdrawal throughout Montgomery County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long-term depletion of the aquifers. The regulatory plan allows for the creation of management zones within the County to facilitate conservation of use of groundwater and development of other water resources from surface water or re-use of treated effluent.

Large water users, including the District, MCMUD 88 and MCUD 89, were required to prepare and submit a two-part Water Resources Assessment Plan ("WRAP") that identifies methods and plans for reduction of groundwater usage through the development of alternate water resources, including the design and construction of infrastructure and facilities to purchase and transport water to affected areas within the County. The initial requirement and deadline for reduction of groundwater use by 30% was January 1, 2016.

The District, MCMUD 88 and MCUD 89 participated in a joint WRAP prepared by the San Jacinto River Authority, and the District is in compliance with Conservation District requirements.

On September 9, 2020, the Conservation District adopted new rules that superseded prior substantive requirements of the Conservation District's regulatory plans in that such rules (a) no longer require a reduction in ground water pumpage and conversion to alternative source of water, and (b) no longer require participation in a groundwater reduction plan. Such new rules further provide, among other things, that the Conservation District may implement proportional reductions in groundwater pumpage in the future. The full impact of these matters on the District is not known at this time. Regardless of the non-existence of the original regulations and uncertainty regarding future mandates (if any), the joint WRAP prepared by the SJRA is currently still in place.

The Conservation District currently bills permit holders, including the District, MCMUD 88 and MCMUD 89, $0.085 per 1,000 gallons of water pumped from wells to finance the Conservation District's operations. This amount is subject to future increases.

San Jacinto River Authority GRP Agreement

In response to the then-current Conservation District requirements, the San Jacinto River Authority ("SJRA") expressed a willingness to assume responsibility to construct and operate a surface water treatment plant at or near Lake Conroe and a water transmission system to major populated areas of Montgomery County, thus enabling the entire county to comply with the Conservation District requirements.

SJRA offered to enter into a contract for groundwater reduction planning, alternative water supply, and related goods and services (the "GRP Contract") with all large water users in Montgomery County to achieve the goals for reduction of groundwater pumpage for the entire county. Approximately 147 larger volume water users in Montgomery County, including the District, MCMUD 88 and MCMUD 89, approved and entered into the GRP Contract (collectively the "Participants") and are in compliance with SJRA and Conservation District requirements applicable to groundwater pumpage from the MUD 88 well and Spring Creek UD well.

Pursuant to the GRP Contract, SJRA has developed, implemented and is enforcing a groundwater reduction plan ("GRP") covering all Participants to achieve and maintain compliance with the Conservation District requirements. The initial focus of the GRP was the design and construction of a surface water treatment and transmission system (the "Project") to be owned and operated by SJRA for the benefit of all Participants.

The SJRA is designing, permitting, financing, constructs, owns, operates and maintains the Project, and the Project is being constructed in phases. Certain large volume Participants are being wholly-converted to treated surface water while other users may continue to use groundwater. This approach is expected to minimize overall Project cost, equalize costs for Participants and avoid geographic advantages and disadvantages.

All Participants are paying a monthly groundwater pumpage fee for groundwater pumped from wells, if any. The pumpage fee has been set so that Participants are neither benefitted nor penalized for utilizing groundwater, and allowances have been made for Participant costs of operating and maintaining their wells.

Participants that receive treated surface water from the Project are paying the prevailing rate for water, which rate has been set so the Participants are neither benefitted nor penalized for being required to take water from the Project under the GRP, and allowances have been made for Participant costs of operating on-site water facilities, as well as operating and maintaining their wells. The pumpage fees and water service fees received from the Project are comparable, so that all Participants are paying equivalent charges without preference for customers within or outside the areas converted to surface water. SJRA issues bonds to finance the capital costs of the Project, and groundwater pumpage fees and water service fees are being used to cover costs of debt service on the bonds. The SJRA pumpage fees are currently $2.51 per 1,000 gallons of water pumped from wells, and MCMUD 88 and the District are paying the pumpage fees based upon the amount of water utilized by each district each month. The District, MCMUD 88 and MCMUD 89 pass these pumpage and Conservation District fees on to customers in the districts. The SJRA pumpage fees will increase as the costs of the Project are incurred, but the District cannot predict the magnitude of such increases.

Pursuant to Section 4.04 of the GRP Contract, the District, on behalf of itself, MCMUD 88, and MCMUD 89, entered into a Supplemental Agreement with the SJRA effective as of February 25, 2025, that provides for non-mandatory connection to the Project (the "Supplemental Agreement"). Pursuant to the terms and conditions of the Supplemental Agreement, the District will: (i) design, permit construction of, acquire all necessary real property rights for, and finance a connection to, the Project; (ii) receive a certain quantity of water from the Project, with payment for such water set at the prevailing rate of water provided to other Participants; and (iii) retain rights to receive reimbursement from the SJRA, under certain conditions, for costs incurred with such connection to the Project. A portion of Bond proceeds will be used to fund construction of connection to the Project. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Wastewater Treatment

The District owns and operates a 1,500,000 gallon per day ("gpd") permanent wastewater treatment plant. The District currently has wastewater treatment capacity to serve approximately 6,122 equivalent single-family connections. Construction on a new water re-use plant has begun and is expected to be completed in the first quarter of 2027.

Storm Drainage Facilities

The natural drainage pattern of Spring Creek is generally split by Rayford Road. West of Rayford Road (the Fox Run, Spring Creek Pines, and Forest Village neighborhoods), runoff is conveyed via a curb and gutter storm sewer system into a drainage channel maintained by Montgomery County Drainage District No. 6, which ultimately discharges Spring Creek southwest of the District then into the San Jacinto River. East of Rayford Road (all commercial development north of the Grand Parkway and the Legends Run neighborhood), runoff is conveyed via a curb and gutter storm sewer system into a regional detention pond shared with MCMUD 88 and MCMUD 89, see below). The regional detention pond is the start of Stokes Gully, which ultimately discharges into the San Jacinto River.

On April 15, 2003, the District entered into a cost-sharing agreement with MCMUD 89 and MCMUD 88 for the construction and financing of drainage and detention facilities, which include a regional detention pond and pump station. The regional detention pond and drainage facilities are owned by the District, with each participant owning the beneficial right to the drainage capacity funded by it. The pump station facilities are allocated based on each district's pro-rata share of the ultimate acreage to be served by the detention facilities. While detention pond allocations will vary in accordance with the construction of additional capacity, pump station pro rata shares are as follows: the District (27.12%); MCMUD No. 89 (41.63%); and MCMUD No. 88 (31.25%).

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to standards that were current at the time of construction.

According to Cobb, Fendley & Associates, Inc., the District's Engineer, a small portion of the previously developed land (approximately 11 acres) within the District lies within the 100-year flood plain as designated by the Federal Emergency Management Administration map for the area, revised as of August 18, 2014. FEMA has issued a Letter of Map Amendment for these areas. Future development in the flood plain areas would be elevated and detention/mitigation structures would be installed. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

Atlas 14

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

FINANCIAL STATEMENT

2026 Certified Taxable Assessed Valuation	$1,041,875,715	(a)
Gross Direct Debt Outstanding	$ 73,800,000	
Ratios of Gross Direct Debt to:		
2026 Certified Taxable Assessed Valuation	7.08%	

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."

Cash and Investments (as of October 19, 2026)

Operating Fund	Cash and Temporary Investments	$17,862,667	
Capital Projects Fund	Cash and Temporary Investments	$6,570,021	
Debt Service Fund	Cash and Temporary Investments	$9,991,908	(a)

(a) Neither Texas law nor the Bond Order requires that the District maintain any particular balance in the Debt Service Fund.

Investments of the District

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

Outstanding Bonds

An aggregate principal amount of $64,400,000 of unlimited tax bonds is outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the Outstanding Bonds and the principal amount of the Outstanding Bonds.

Series	Original Principal Amount	Principal Amount Currently Outstanding
2015	$ 9,375,000	$ 7,225,000
2016 (a)	5,305,000	3,720,000
2017	8,325,000	5,075,000
2017A (a)	5,400,000	3,575,000
2018	9,500,000	7,900,000
2019 (a)	7,300,000	5,045,000
2021	9,600,000	7,200,000
2021A (a)	7,770,000	7,460,000
2026	17,200,000	17,200,000
Total	$ 79,775,000	$ 64,400,000

(a) Unlimited tax refunding bonds.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Bonds" herein) and the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 5,909,656		$ 379,505	$ 379,505	$ 6,289,161
2028	5,807,669	$ 1,000,000	481,063	1,481,063	7,288,731
2029	5,723,869	1,000,000	419,813	1,419,813	7,143,681
2030	5,177,606	1,000,000	358,563	1,358,563	6,536,169
2031	4,933,756	1,000,000	297,313	1,297,313	6,231,069
2032	4,903,756	900,000	236,063	1,136,063	6,039,819
2033	4,880,800	250,000	180,938	430,938	5,311,738
2034	4,890,569	250,000	165,938	415,938	5,306,506
2035	4,928,213	250,000	150,938	400,938	5,329,150
2036	4,906,281	250,000	135,938	385,938	5,292,219
2037	4,896,563	250,000	126,875	376,875	5,273,438
2038	4,882,813	250,000	117,813	367,813	5,250,625
2039	3,914,813	250,000	108,750	358,750	4,273,563
2040	3,127,438	250,000	99,688	349,688	3,477,125
2041	3,066,000	250,000	90,625	340,625	3,406,625
2042	2,778,688	250,000	81,563	331,563	3,110,250
2043	2,698,438	250,000	72,500	322,500	3,020,938
2044	1,668,188	250,000	63,438	313,438	1,981,625
2045	1,221,188	250,000	54,375	304,375	1,525,563
2046	1,180,969	250,000	45,313	295,313	1,476,281
2047	1,140,750	250,000	36,250	286,250	1,427,000
2048	1,099,313	250,000	27,188	277,188	1,376,500
2049	1,057,875	250,000	18,125	268,125	1,326,000
2050	1,016,438	250,000	9,063	259,063	1,275,500
Total	$ 85,811,644	$ 9,400,000	$ 3,757,630	$ 13,157,630	$ 98,969,274

Average Annual Debt Service Requirements (2027-2050) $4,123,720
Maximum Annual Debt Service Requirement (2028) $7,288,731

ESTIMATED OVERLAPPING DEBT AND TAX RATE STATEMENTS

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Montgomery County	$ 535,450,000		9/30/2026	1.07%	$ 5,702,543
Conroe Independent School District	2,844,260,000		9/30/2026	1.96%	55,747,496
Lone Star College System	336,455,000		9/30/2026	0.30%	1,009,365
Total Estimated Overlapping Debt					$ 62,459,404
The District	73,800,000	(a)	Current	100.00%	73,800,000
Total Direct and Estimated Overlapping Debt					$136,259,404

Ratio of Estimated Direct and Overlapping Debt to:
2026 Certified Taxable Assessed Valuation of $1,041,875,715 ..... 13.08%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "Estimated Overlapping Debt" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2026 tax year by all taxing jurisdictions overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2026 Tax Rate per $100 of Taxable Assessed Valuation
Montgomery County	$ 0.3860
Montgomery County Hospital District	0.0479
Montgomery Couny ESD No. 8	0.1000
Conroe Independent School District	0.9471
Lone Star College System	0.1058
Total Overlapping Tax Rate	$ 1.5868
The District (a)	$ 0.8800
Total Tax Rate	$ 2.4668

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

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "—Tax Roll Information" herein.

Tax Year	Certified Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2026 (b) Amount	Percent
2021	$ 709,394,156	$ 0.970	$ 6,881,123	$ 6,870,100	99.84%
2022	868,649,773	0.910	7,904,713	7,883,562	99.73%
2023	942,284,299	0.885	8,339,216	8,245,200	98.87%
2024	993,001,375	0.885	8,788,062	8,614,863	98.03%
2025	1,030,374,414	0.880	9,067,295	8,906,737	98.23%
2026	1,041,875,715	0.880	9,168,506	(c)	(c)

(a) As certified by the Appraisal District.
(b) Unaudited.
(c) In process of collection. Taxes for 2026 are due January 31, 2027.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.550	$ 0.550	$ 0.555	$ 0.555	$ 0.580
Maintenance and Operations	0.330	0.330	0.330	0.330	0.330
Total	$ 0.880	$ 0.880	$ 0.885	$ 0.885	$ 0.910

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount)
Maintenance and Operations: $0.40 per $100 assessed valuation

Debt Service Tax

The Board covenants in the Bond Order 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 levied a debt service tax for 2026 in the amount of $0.550 per $100 of taxable assessed valuation.

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 the District's voters. At an election held April 3, 1982, the Board was authorized to levy such a maintenance tax in an amount not to exceed $0.40 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any additional tax bonds which may be issued in the future. The District levied a maintenance tax for 2026 at the rate of $0.33 per $100 assessed valuation. See "Debt Service Tax" above.

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 Tax Code.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2026, the District adopted an exemption of $55,000 of the appraised value of a residential homestead of persons who are disabled or 65 years of age or older and 20% of the appraised value of any residential homestead.

Principal Taxpayers

The following table represents the ten major taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the 2026 Certified Taxable Assessed Valuation of $1,020,676,034. This represents ownership as of January 1, 2026.

Taxpayer	Type of Property	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
2121 Riley Fuzzel LLC	Land & Improvements	$ 38,577,420	3.70%
Regal Cinemas Inc	Land, Improvements, Personal	32,217,548	3.09%
Shamaim Birnham LLC	Land & Improvements	21,080,000	2.02%
Wal-Mart Real Estate Bus Trst	Land & Improvements	15,780,352	1.51%
Kroger Texas LP	Land & Improvements	13,245,000	1.27%
PS LPT Poperties Investors	Land & Improvements	11,900,000	1.14%
CH Retail Fund II/Houston Rayford Crossing LP	Land & Improvements	10,535,000	1.01%
RN Biles Investments LLC	Land & Improvements	8,050,000	0.77%
SH 7100-7111 LLC	Land & Improvements	6,670,736	0.64%
Wal-Mart Stores #3585	Personal	6,509,923	0.62%
Total		$ 164,565,979	15.77%

Summary of Assessed Valuation

The following summary of the 2026, 2025, and 2024 Taxable Assessed Valuations is provided by the District's Tax Assessor/Collector based on information contained in the 2026, 2025, and 2024 tax rolls of the District. Differences in values from other information herein are due to differences in dates of information provided.

	2026	2025	2024
Land	$ 166,144,490	$ 164,509,778	$ 161,342,072
Improvements	1,037,468,060	1,022,590,845	1,005,558,702
Personal Property	46,306,917	46,802,836	40,905,241
Exemptions	(208,043,752)	(203,529,045)	(214,804,640)
Certified Value	$ 1,041,875,715	$ 1,030,374,414	$ 993,001,375

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Certified Taxable Assessed Valuation of $1,041,875,715. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "DEBT SERVICE REQUIREMENTS" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2050) $4,123,720
$0.42 Tax Rate on the 2026 Certified Taxable Assessed Valuation $4,157,084

Maximum Annual Debt Service Requirement (2028)..... $7,288,731
$0.74 Tax Rate on the 2026 Certified Taxable Assessed Valuation $7,324,386

WATER AND SEWER OPERATIONS

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from District operations, if any, are available for any legal purpose, including the payment of debt service on the Bonds and the Outstanding Bonds, upon Board action. However, it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Outstanding Bonds and the Bonds.

The following statement sets forth in condensed form the historical results of the District's General Fund for the fiscal years ended April 30, 2022 through 2026. Reference is made to such records and statements for further and more complete information.

	Fiscal Year Ended April 30				
	2026	2025	2024	2023	2022
Revenues					
Property Taxes	$ 3,374,423	$ 3,128,556	$ 3,073,917	$ 2,877,655	$ 2,119,908
Water Service	1,721,337	1,932,585	1,693,228	1,495,350	1,277,535
Wastewater Service	2,601,279	2,353,977	2,058,729	1,852,248	1,718,001
Water Authority Fee	890,196	954,459	1,088,947	1,105,037	954,035
Penalty and Interest	94,004	90,881	78,654	58,908	61,839
Sales Tax Revenue	729,222	715,329	701,699	830,906	562,362
Tap Connection and Inspection Fees	197,105	74,225	175,752	95,158	129,498
Investment Revenues	525,847	680,728	669,336	362,952	13,141
Miscellaneous Revenues	288,814	134,709	96,542	218,230	133,327
Total Revenues	$ 10,422,227	$ 10,065,449	$ 9,636,804	$ 8,896,444	$ 6,969,646
Expenditures					
Professional Fees	$ 471,258	$ 700,522	$ 614,232	$ 398,309	$ 293,854
Contracted Services	2,142,735	2,182,740	2,153,728	1,732,941	1,815,972
Purchased Stormwater Service	251,185	157,965	50,219	58,783	280,340
Utilities	186,697	170,607	185,877	162,800	160,500
Purchased Water/Pumpage Fees	897,959	1,253,941	1,057,543	1,090,500	952,752
Repairs and Maintenance	2,260,260	1,663,882	1,449,628	1,383,034	1,085,336
Other	931,112	752,411	726,532	711,147	639,417
Capital Lease, Principal and Interest	-	-	-	991,338	177,876
Capital Outlay	2,901,028	1,802,603	5,714,453	428,784	103,060
Total Expenditures	$ 10,042,234	$ 8,684,671	$ 11,952,212	$ 6,957,636	$ 5,509,107
Net Revenues	$ 379,993	$ 1,380,778	$ (2,315,408)	$ 1,938,808	$ 1,460,539
Other Sources (Interfund Transfer)	$ -	$ 1,702,738	$ -	$ (34,151)	$ (1,568,061)
Fund Balance (Beginning of Year)	$ 16,990,806	$ 13,907,290	$ 16,222,698	$ 14,318,041	$ 14,425,563
Fund Balance (End of Year)	$ 17,370,799	$ 16,990,806	$ 13,907,290	$ 16,222,698	$ 14,318,041

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 "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the District may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, 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 sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. For tax year 2026, the District granted a $55,000 homestead exemption for individuals disabled and/or 65 years of age or older. 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, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000 if any exemption is granted, from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. For the 2026 tax year, the District granted a 20% but not less than $5,000 general residential homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. 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 may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County and 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 appraised valuation of property covered by the agreement over its appraised 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 agreement. 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 Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all 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 the 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 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 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 sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area, and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing judication 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 Texas 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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 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 Texas Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

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 parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT AND TAX RATE STATEMENTS—Overlapping Taxes." 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 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 two (2) years for residential and agricultural property and six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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 "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City, Montgomery County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy Limitations" below.

Possible 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 owners of property within the District to pay their taxes. The 2026 Certified Taxable Assessed Valuation is $1,041,875,715. After issuance of the Bonds, the maximum annual debt service requirement will be $7,288,731 (2028), and the average annual debt service requirement will be $4,123,720 (2027-2050 inclusive). Assuming no increase or decrease from the 2026 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.74 and $0.42 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Although calculations have been made regarding 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, the District can make no representations regarding the future level of assessed valuation within the District. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA—Tax Adequacy for Debt Service."

Potential Effects of Oil Price Volatility 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 within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

Extreme Weather

The greater Houston area 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 several storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

According to the District's Operator, the District's System sustained no material damage and there was no interruption of District water and sewer service as a result of Hurricane Harvey. According to the District's Operator and Engineer, approximately 200 homes (approximately 6%) within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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 is subject to the following flood risks:

River (or Fluvial) Flood: 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 sheetflow overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam, levee, or reservoir also could potentially create a flooding condition in rivers, bayous, or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee, or reservoir.

Tax Collections Limitations and Foreclosure Remedies

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 parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "ESTIMATED OVERLAPPING DEBT AND TAX RATE STATEMENTS—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for commercial and other property). Finally, any 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 assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two 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.

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

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 Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ 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.

Future Debt

The District has reserved in the Bond Order the right to issue obligations other than the Bonds and the Outstanding Bonds, including tax anticipation notes, bond anticipation notes, and to borrow for any valid corporate purpose. The District's voters have authorized the issuance of $27,000,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds and $190,000,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the water, sanitary sewer and drainage facilities to serve land within the District. The District's voters have also authorized $144,000,000 principal amount of unlimited tax bonds for refunding bonds previously issued by the District. The District's voters could authorize additional amounts in future elections. As of October 1, 2026, approximately $400,000 has been expended by various property owners within the District for construction of water, sanitary sewer and drainage facilities to serve commercial and multi-family tracts. It is anticipated that additional bonds will be issued to reimburse such property owners for the costs of the construction of these facilities and to serve the remaining undeveloped acreage within the District. After issuance of the Bonds, the District will have $106,460,000 principal amount of authorized but unissued unlimited tax bonds and $5,155,000 principal amount of authorized but unissued waterworks and sewer system combination unlimited tax and revenue bonds for purposes of acquiring and constructing water, sanitary sewer and drainage facilities. In addition, the District currently has $139,355,692 principal amount of authorized but unissued bonds for refunding purposes. The future issuance of additional obligations may adversely affect the security for the Bonds and the investment quality and value of the Bonds. The District does not employ any formula with respect to assessed valuation or tax collections and does not otherwise limit the amount of additional bonds or other obligations which may be issued. The issuance of additional unlimited tax or unlimited tax and revenue bonds (other than refunding bonds), if any, however, is subject to approval by the Commission under guidelines of feasibility established by the Commission. See "THE BONDS—Authority for Issuance and Issuance of Additional Debt" and "THE DISTRICT—General."

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 supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring action to prevent or mitigate pollution;
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other type of district ("Utility Districts") 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 injunctive relief as to future compliance of and the ability to operate the Utility District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to Utility Districts, including the District. It should be noted that changes in environmental laws and 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 District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ 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. The District has applied for and received coverage under the MS4 Permit from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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.

Marketability of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

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.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser has entered into an agreement with Assured Guaranty Inc. ("AG" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer (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 description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

The ratings reflect only the view of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. 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, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At September 30, 2026:

- The policyholders' surplus of AG was approximately $3,102 million.
- The contingency reserve of AG was approximately $1,599 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,415 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 (filed by AGL with the SEC on November 6, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE."

LEGAL MATTERS

Legal Opinion

The District will furnish the Initial Purchaser a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Roach & Associates, PLLC, The Woodlands, Texas, Bond Counsel to the District ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the bonds is excludable from gross income for federal income tax purposes under existing laws except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District and matters described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Roach & Associates, PLLC has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAX PROCEDURES," "THE DISTRICT—General" and "—Strategic Partnership Agreement," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of 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 of the information contained herein. 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. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"), as amended. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law, upon which Bond Counsel has based its opinion, is subject to change by the Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Beneficial Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof, or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the 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 Original Issue Discount 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 (a) 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 (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the "Premium Bonds") is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification, retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health-insurance premium assistance credit, and individuals allowed an earned income credit.

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Not Qualified Tax-Exempt Obligations

The District has NOT designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT have been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from 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 such sources, 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

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

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.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's water, wastewater and storm drainage system and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Cobb, Fendley & Associates, Inc. and has been included herein in reliance upon the authority of said firm as the District's Engineer.

Auditor: The financial statements of the District as of April 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the audited financial statements of the District for the fiscal year ended April 30, 2026.

Updating the Official Statement

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

Certification of Official Statement

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

Annual Reports

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB, or any successor, through its Electronic Municipal Market Access System ("EMMA").

The financial information and operating data which will be provided 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," "TAX DATA," "THE SYSTEM," "DEBT SERVICE REQUIREMENTS," "WATER AND SEWER OPERATIONS" (most of which information is contained in the District's annual audit report) and in APPENDIX A (Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2027. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided.

The District's current fiscal year end April 30. Accordingly, it must provide updated information by October 31 (or other applicable deadline) 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 SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes 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 the MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an 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; nor has the District 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 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 the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12*,* except that the District filed its audited financial statements and related operating data for the 2023 fiscal year on November 1, 2023 (rather than October 31, 2023). The District has filed a voluntary notice of late filing.

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 Spring Creek Utility District, as of the date shown on the cover page.

/s/ Claude Humbert
President, Board of Directors
Spring Creek Utility District

ATTEST:

/s/ Leslie Gourley
Secretary, Board of Directors
Spring Creek Utility District

AERIAL PHOTOGRAPH
(As of September 2026)


GRAND PARKWAY
N
SPRING CREEK
UTILITY DISTRICT

PHOTOGRAPHS OF THE DISTRICT
(As of September 2026)














PETSMART
GROOMING
TRAINING
ADOPTIONS


REGAL
AT BENDERS LANDING
bytes
arcade eatery
Fuego
KidStrong
INDUSTRIOUS
WORK HARD. LIVE FIT.
FLOOR STORE
& REMODELING CENTER
REGAL
VIP


Kroger
MARKETPLACE
CAFE


Quick Quack
CAR WASH
TOTAL WELLNESS
STEMLYFT
STEMLYFT+CRYO+IV INFUSION


State Farm
Kyle Sherburne
MEMORIAL EYE
CENTER
Walmart
FIRE LANE NO PARKING


DONUTS

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the fiscal year ended April 30, 2026

SPRING CREEK UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Spring Creek Utility District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Creek Utility District (the "District") as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Spring Creek Utility District

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

August 17, 2026

SPRING CREEK UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2026

Management's discussion and analysis of Spring Creek Utility District (the "District") financial performance provides an overview of the District's financial activities for the year ended April 30, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue accounts for financial resources collected and administered by the District for the operations of joint stormwater facilities. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $43,922,114 as of April 30, 2026.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater and drainage services.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 43,517,716	$ 31,744,769	$ 11,772,947
Capital Assets (Net of Accumulated Depreciation)	70,715,602	62,250,961	8,464,641
Total Assets	$ 114,233,318	$ 93,995,730	$ 20,237,588
Deferred Outflows of Resources	$ 605,841	$ 674,881	$ (69,040)
Due to Developers	$ 473,330	$ 539,174	$ 65,844
Bonds Payable	67,408,274	52,918,404	(14,489,870)
Other Liabilities	3,035,441	2,378,490	(656,951)
Total Liabilities	$ 70,917,045	$ 55,836,068	$ (15,080,977)
Net Position:			
Net Investment in Capital Assets	$ 12,271,359	$ 9,480,094	$ 2,791,265
Restricted	14,003,931	12,199,778	1,804,153
Unrestricted	17,646,824	17,154,671	492,153
Total Net Position	$ 43,922,114	$ 38,834,543	$ 5,087,571

The following table provides a summary of the District's operations for the years ended April 30, 2026, and April 30, 2025. The District's net position increased by $5,087,571.

Summary of Changes in the Statement of Activities	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 9,298,443	$ 8,634,022	$ 664,421
Charges for Services	6,277,739	5,890,325	387,414
Other Revenues	2,051,652	2,064,908	(13,256)
Total Revenues	$ 17,627,834	$ 16,589,255	$ 1,038,579
Expenses for Services	12,540,263	11,148,396	(1,391,867)
Change in Net Position	$ 5,087,571	$ 5,440,859	$ (353,288)
Net Position, Beginning of Year	38,834,543	33,393,684	5,440,859
Net Position, End of Year	$ 43,922,114	$ 38,834,543	$ 5,087,571

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2026, were $39,895,043, an increase of $10,931,014 from the prior year.

The General Fund fund balance increased by $379,993, primarily due to service and tax revenues and a transfer from the Capital Projects Fund exceeding operating and capital expenditures.

The Debt Service Fund fund balance increased by $1,731,331, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance increased by $8,819,690, primarily due to the proceeds of the Series 2026 Unlimited Tax Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the General Fund and Special Revenue Fund. For the General Fund, actual revenues were $1,183,727 more than budgeted. Actual expenditures were $3,138,991 less than budgeted. This resulted in a positive budget variance of $4,322,718. See the budget to actual comparison on page 35 for further information.

CAPITAL ASSETS

Capital assets as of April 30, 2026, total $70,715,602 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 8,249,271	$ 8,249,271	$
Construction in Progress	8,262,382	2,870,575	5,391,807
Capital Assets, Net of Accumulated Depreciation:			
Park Improvements	3,205,429	714,742	2,490,687
Water System	18,454,215	16,687,402	1,766,813
Wastewater System	17,947,793	18,664,357	(716,564)
Drainage System	14,596,512	15,064,614	(468,102)
Total Net Capital Assets	$ 70,715,602	$ 62,250,961	$ 8,464,641

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total bond debt payable of $67,165,000. The changes in the debt position of the District during the year ended April 30, 2026, are summarized as follows:

Bond Debt Payable, May 1, 2025	$	52,700,000
Add: Bond Sale - Series 2026		17,200,000
Less: Bond Principal Paid		2,735,000
Bond Debt Payable, April 30, 2026	$	67,165,000

The District's Series 2014 Refunding bonds carry an underlying rating of "A+" from Moody's. The rest of the District's bonds carry an underlying rating of "A2" from Moody's. The Series 2014 Refunding, Series 2016 Refunding, Series 2017, Series 2018, Series 2021A Refunding and Series 2026 bonds carry an insured rating of "AA" from S&P Global Ratings by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2015, Series 2017A Refunding, Series 2019 Refunding and Series 2021 bonds carry an insured rating of "AA/A1" from S&P Global Ratings by virtue of bond insurance by Assured Guaranty Inc.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Spring Creek Utility District, c/o Roach & Associates, PLLC, 2001 Timberloch Place, Suite 500, The Woodlands, TX 77380.

SPRING CREEK UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2026

	General Fund	Special Revenue Fund
ASSETS		
Cash	$ 11,461,089	$ 132,500
Investments	2,499	
Receivables:		
Property Taxes	276,025	
Penalty and Interest on Delinquent Taxes		
Service Accounts	492,503	
Other		
Due from City of Houston	174,219	
Due from Developer	46,939	
Due from Other Funds	6,412,886	
Prepaid Costs	21,672	
Due from Other Governmental Units	67,190	55,755
Advance for Water Plant Operations	133,420	
Advance for Stormwater Facilities	48,160	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 19,136,602	$ 188,255
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 19,136,602	$ 188,255

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 12,561,459	$ 16,331,337	$ 40,486,385	$	$ 40,486,385
1,177,933		1,180,432		1,180,432
474,732		750,757		750,757
			107,694	107,694
		492,503		492,503
	750	750		750
		174,219		174,219
		46,939		46,939
		6,412,886	(6,412,886)	
		21,672		21,672
		122,945		122,945
		133,420		133,420
		48,160	(48,160)	
			8,249,271	8,249,271
			8,262,382	8,262,382
			54,203,949	54,203,949
$ 14,214,124	$ 16,332,087	$ 49,871,068	$ 64,362,250	$ 114,233,318
$ - 0 -	$ - 0 -	$ - 0 -	$ 605,841	$ 605,841
$ 14,214,124	$ 16,332,087	$ 49,871,068	$ 64,968,091	$ 114,839,159

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

SPRING CREEK UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2026

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	$ 495,525	$ 22,120
Accrued Interest Payable		
Due to Developers	158,410	
Due to Other Funds		6,135
Due to Taxpayers		
Security Deposits	835,843	
Advance for Stormwater Facilities		160,000
Long-Term Liabilities:		
Bonds Due Within One Year		
Bonds Due After One Year		
TOTAL LIABILITIES	$ 1,489,778	$ 188,255
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 276,025	$ - 0 -
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 21,672	$
For Water Plant Operations	133,420	
For Stormwater Facilities	48,160	
Restricted for Authorized Construction		
Restricted for Debt Service		
Assigned to 2027	3,129,300	
Unassigned	14,038,247	
TOTAL FUND BALANCES	$ 17,370,799	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,136,602	$ 188,255
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 1,120,741	$ 1,638,386	$	$ 1,638,386
			271,219	271,219
		158,410	473,330	631,740
26,925	6,379,826	6,412,886	(6,412,886)	
19,743		19,743		19,743
		835,843		835,843
		160,000	(48,160)	111,840
			2,765,000	2,765,000
			64,643,274	64,643,274
$ 46,668	$ 7,500,567	$ 9,225,268	$ 61,691,777	$ 70,917,045
$ 474,732	$ -0-	$ 750,757	$ (750,757)	$ - 0 -
$	$	$ 21,672	$ (21,672)	$
		133,420	(133,420)	
		48,160	(48,160)	
	8,831,520	8,831,520	(8,831,520)	
13,692,724		13,692,724	(13,692,724)	
		3,129,300	(3,129,300)	
		14,038,247	(14,038,247)	
$ 13,692,724	$ 8,831,520	$ 39,895,043	$ (39,895,043)	$ - 0 -
$ 14,214,124	$ 16,332,087	$ 49,871,068		
			$ 12,271,359	$ 12,271,359
			14,003,931	14,003,931
			17,646,824	17,646,824
			$ 43,922,114	$ 43,922,114

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

SPRING CREEK UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
APRIL 30, 2026

Total Fund Balances - Governmental Funds		$ 39,895,043
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		605,841
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		70,715,602
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		858,451
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (473,330)	
Accrued Interest Payable	(271,219)	
Bonds Payable	(67,408,274)	(68,152,823)
Total Net Position - Governmental Activities		$ 43,922,114

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

SPRING CREEK UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	$ 3,374,423	$
Water Service	1,721,337	
Wastewater Service	2,601,279	
Stormwater Facility Revenues		913,550
Water Authority Fees	890,196	
Penalty and Interest	94,004	
Sales Tax Revenue	729,222	
Tap Connection and Inspection Fees	197,105	
Investment Revenues	525,847	101
Miscellaneous Revenues	288,814	
TOTAL REVENUES	$ 10,422,227	$ 913,651
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 471,258	$ 22,286
Contracted Services	2,142,735	18,194
Purchased Water Service	394,534	
Purchased Stormwater Service	251,185	
Utilities	186,697	21,427
SJRA Fees	503,425	
Repairs and Maintenance	2,260,260	403,693
Depreciation		
Other	931,112	7,635
Capital Outlay	2,901,028	440,416
Developer Interest		
Bond Principal		
Bond Interest		
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 10,042,234	$ 913,651
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 379,993	$ - 0 -
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	$	$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 379,993	$ - 0 -
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2025	16,990,806	
FUND BALANCES/NET POSITION - APRIL 30, 2026	$ 17,370,799	$ - 0 -

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 5,625,504	$	$ 8,999,927	$ 298,516	$ 9,298,443
		1,721,337		1,721,337
		2,601,279		2,601,279
		913,550	(251,185)	662,365
		890,196		890,196
80,046		174,050	31,407	205,457
		729,222		729,222
		197,105		197,105
411,478	94,091	1,031,517		1,031,517
2,099		290,913		290,913
$ 6,119,127	$ 94,091	$ 17,549,096	$ 78,738	$ 17,627,834
$ 25,318	$	$ 518,862	$	$ 518,862
118,286		2,279,215		2,279,215
		394,534		394,534
		251,185	(251,185)	
		208,124		208,124
		503,425		503,425
		2,663,953		2,663,953
			2,235,867	2,235,867
30,773	11,337	980,857		980,857
	7,424,908	10,766,352	(10,766,352)	
	12,159	12,159		12,159
2,735,000		2,735,000	(2,735,000)	
1,478,419		1,478,419	156,188	1,634,607
	1,108,660	1,108,660		1,108,660
$ 4,387,796	$ 8,557,064	$ 23,900,745	$ (11,360,482)	$ 12,540,263
$ 1,731,331	$ (8,462,973)	$ (6,351,649)	$ 11,439,220	$ 5,087,571
$	$ 17,200,000	$ 17,200,000	$ (17,200,000)	$
	(298,607)	(298,607)	298,607	
	381,270	381,270	(381,270)	
$ - 0 -	$ 17,282,663	$ 17,282,663	$ (17,282,663)	$ - 0 -
$ 1,731,331	$ 8,819,690	$ 10,931,014	$ (10,931,014)	$
			5,087,571	5,087,571
11,961,393	11,830	28,964,029	9,870,514	38,834,543
$ 13,692,724	$ 8,831,520	$ 39,895,043	$ 4,027,071	$ 43,922,114

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

SPRING CREEK UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED APRIL 30, 2026

Net Change in Fund Balances - Governmental Funds	$	10,931,014
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		298,516
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		31,407
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(2,235,867)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		10,766,352
Governmental funds report bond discounts and premiums as other financing uses in the year paid. However, in the Statement of Net Position, the bond discounts and premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(82,663)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		2,735,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(156,188)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(17,200,000)
Change in Net Position - Governmental Activities	$	5,087,571

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

NOTE 1. CREATION OF DISTRICT

Spring Creek Utility District (the "District") was created by House Bill No. 1758 (62nd Texas Legislature, 1971). The District is subject to continuing supervision of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, 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 may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts after approval from the voters of the District. The District is authorized by statue to develop and finance parks and recreational facilities. Additionally, the District may develop and finance roads, subject to certain limitations and the granting of road powers by the Commission.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Special Revenue Fund - To account for financial activities of the joint stormwater facilities.

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of April 30, 2026, the Special Revenue Fund owed $6,135 to the General Fund for the overpayment of operating costs, the Debt Service Fund owed $2,738 to the General Fund for arbitrage costs and the Debt Service Fund owed the General Fund $24,187 for maintenance tax collections. The Capital Projects Fund owed the General Fund $6,379,826 for construction cost approved in the sale of bonds.

Capital Assets

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

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

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Park Improvements	10-40

Budgeting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned $3,129,300 of the General Fund fund balance towards the fiscal year 2027 budget.

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2015	Refunding Series 2016	Series 2017
Amount Outstanding – April 30, 2026	$7,375,000	$4,475,000	$5,400,000
Interest Rates	2.50% - 3.75%	2.00% - 4.00%	2.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	October 1, 2026/2039	October 1, 2026/2032	April 1, 2026/2041
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1 April 1
Callable Dates	October 1, 2023*	October 1, 2023*	October 1, 2024*

	Refunding Series 2017A	Series 2018
Amount Outstanding – April 30, 2026	$3,960,000	$8,100,000
Interest Rates	2.00% - 3.375%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2026/2033	October 1, 2026/2043
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2024*	October 1, 2023*

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2019	Series 2021	Refunding Series 2021A	Series 2026
Amount Outstanding – April 30, 2026	$5,530,000	$7,600,000	$7,525,000	$17,200,000
Interest Rates	2.00% - 3.00%	1.00% - 2.00%	2.00% - 4.00%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2026/2034	October 1, 2026/2044	October 1, 2026/2038	October 1, 2027/2050
Interest Payment Dates	October 1/ April 1	October 1 April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2025*	October 1, 2026*	October 1, 2026*	October 1, 2031

* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2015 term bonds maturing on October 1, 2027, 2029, 2031, 2037 and 2039 are subject to mandatory redemption beginning October 1, 2026, 2028, 2030, 2036 and 2038, respectively. Series 2016 Refunding term bonds maturing on October 1, 2025 are subject to mandatory redemption beginning October 1, 2024. Series 2017 term bonds maturing on October 1, 2037, 2039 and 2041 are subject to mandatory redemption beginning October 1, 2036, 2038 and 2040, respectively. Series 2021 term bonds maturing on October 1, 2038, 2041 and 2044 are subject to mandatory redemption begin October 1, 2037, 2039 and 2042, respectively. Series 2021A Refunding term bonds maturing on October 1, 2029, 2031 and 2033 are subject to mandatory redemption beginning October 1, 2028, 2030 and 2032, respectively.

The following is a summary of transactions regarding long-term liabilities for the year ended April 30, 2026:

	May 1, 2025	Additions	Retirements	April 30, 2026
Bonds Payable	$ 52,700,000	$ 17,200,000	$ 2,735,000	$ 67,165,000
Unamortized Discounts	(508,100)	(298,607)	(29,966)	(776,741)
Unamortized Premium	726,504	381,270	87,759	1,020,015
Bonds Payable, Net	$ 52,918,404	$ 17,282,663	$ 2,792,793	$ 67,408,274

Amount Due Within One Year	$ 2,765,000
Amount Due After One Year	64,643,274
Bonds Payable, Net	$ 67,408,274

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 2,765,000	$ 2,214,369	$ 4,979,369
2028	3,805,000	2,041,162	5,846,162
2029	3,830,000	1,913,268	5,743,268
2030	3,875,000	1,783,238	5,658,238
2031	3,460,000	1,660,680	5,120,680
2032-2036	17,580,000	6,695,859	24,275,859
2037-2041	17,450,000	4,007,773	21,457,773
2042-2046	9,525,000	1,739,986	11,264,986
2047-2051	4,875,000	517,357	5,392,357
	$ 67,165,000	$ 22,573,692	$ 89,738,692

As of April 30, 2026, the District had authorized but unissued tax bonds in the amount of $121,015,000 and refunding bonds authorized but unissued of $139,355,692.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended April 30, 2026, the District levied an ad valorem debt service tax rate of $0.55 per $100 of assessed valuation, which resulted in a tax levy of $5,677,567 on the adjusted taxable valuation of $1,032,284,870 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The Bond Orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information depository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

At fiscal year end, the carrying amount of the District's deposits was $40,486,385 and the bank balance was $41,148,122. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2026, as listed below:

	Cash
GENERAL FUND	$ 11,461,089
SPECIAL REVENUE FUND	132,500
DEBT SERVICE FUND	12,561,459
CAPITAL PROJECTS FUND	16,331,337
TOTAL DEPOSITS	$ 40,486,385

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of their portfolio assets at amortized costs. As a result, the District also measures its investments in TexPool at amortize cost for financial reporting purposes.

Certificates of deposit are reported by the District at acquisition cost.

As of April 30, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 2,499	$ 2,499
DEBT SERVICE FUND		
TexPool	1,177,933	1,177,933
TOTAL INVESTMENTS	$ 1,180,432	$ 1,180,432

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage. At April 30, 2026, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2026:

	May 1, 2025	Increases	Decreases	April 30, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 8,249,271	$	$	$ 8,249,271
Construction in Progress	2,870,575	10,700,508	5,308,701	8,262,382
Total Capital Assets Not Being Depreciated	$ 11,119,846	$ 10,700,508	$ 5,308,701	$ 16,511,653
Capital Assets Subject to Depreciation				
Park Improvements	$ 1,084,574	$ 2,529,769	$	$ 3,614,343
Water System	23,884,047	2,629,778		26,513,825
Wastewater System	29,127,719	149,154		29,276,873
Drainage System	21,294,782			21,294,782
Total Capital Assets Subject to Depreciation	$ 75,391,122	$ 5,308,701	$ - 0 -	$ 80,699,823
Accumulated Depreciation				
Park Improvements	$ 369,832	$ 39,082	$	$ 408,914
Water System	7,196,645	862,965		8,059,610
Wastewater System	10,463,362	865,718		11,329,080
Drainage System	6,230,168	468,102		6,698,270
Total Accumulated Depreciation	$ 24,260,007	$ 2,235,867	$ - 0 -	$ 26,495,874
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 51,131,115	$ 3,072,834	$ - 0 -	$ 54,203,949
Total Capital Assets, Net of Accumulated Depreciation	$ 62,250,961	$ 13,773,342	$ 5,308,701	$ 70,715,602

NOTE 7. MAINTENANCE TAX

On April 3, 1982, the voters of the District authorized a maintenance tax rate not to exceed $0.40 per $100 of assessed valuation. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

During the year ended April 30, 2026, the District levied an ad valorem maintenance tax rate of $0.33 per $100 of assessed valuation, which resulted in a tax levy of $3,406,541 on the adjusted taxable valuation of $1,032,284,870 for the 2025 tax year.

NOTE 8. STORMWATER FACILITIES

On April 15, 2003, the District entered into a Stormwater Facilities Contract (the "Contract") with Montgomery County Municipal Utility District No. 88 ("District No. 88") and Montgomery County Municipal Utility District No. 89 ("District No. 89") to provide for the construction and operation of certain drainage and detention facilities to serve land within the districts. On April 20, 2020, the Contract was amended. The term of the Contract is for a period of 40 years from the original Contract execution date.

Each participant is responsible for its share of the operating costs of the facilities. Ownership of each participating district's capacity in the pump station facilities at April 30, 2026, was as follows: District –27.118%; District No. 88 – 31.248%; District No. 89 – 41.634%. Drainage and detention facilities maintenance costs are allocated based on each participating district's capacity. As of April 30, 2026, the capacity allocations for drainage and detention facilities were as follows: District – 30.357%; District No. 88 – 26.834%; District No. 89 – 42.809%. Participants are billed a monthly amount which is equal to the actual costs incurred during the prior month.

The District operates the facilities and invoices the participants for their share of operating costs based on the applicable percentages. During the current fiscal year, the District incurred $251,185 for operating costs and maintained an operating reserve of $48,160.

NOTE 8. STORMWATER FACILITIES (Continued)

Transactions for the current fiscal year are summarized as follows:

	Spring Creek Utility District	Montgomery County Municipal Utility District No. 88	Montgomery County Municipal Utility District No. 89	Total
Due from participants, May 1, 2025	$ (12,492)	$ 49,731	$ 75,948	$ 113,187
Current year billings to Participants	251,185	280,766	380,924	912,875
Current year collections	244,828	304,993	426,621	976,442
Due from participants, April 30, 2026	$ (6,135)	$ 25,504	$ 30,251	$ 49,621
Reserve balances at April 30, 2026	$ 48,160	$ 26,080	$ 85,760	$ 160,000

NOTE 9. WATER SUPPLY CONTRACTS

On February 25, 2003, as amended August 15, 2008, the District entered into an agreement with District No. 89 for the purpose of sharing the cost of construction and operating the District No. 89 Water Plant Facilities ("Water Plant No. 1"). The contract is for a period of forty years.

District No. 89 is the operator of Water Plant No. 1 and holds title for the benefit of the participants. Construction costs of Water Plant No. 1 are funded by the contribution of funds from each participating district. Water Plant No. 1 issues no debt.

On October 7, 2004, as amended August 15, 2008, September 19, 2011, December 6, 2012, April 5, 2018, and October 4, 2018, the District entered into an agreement with District No. 88 and District No. 89 for the purpose of constructing and operating District No. 89 Water Plant Facilities ("Water Plant No. 2"). The contract is for a period of forty years.

District No. 89 is the operator of Water Plant No. 2 and holds title for the benefit of the participants. Construction costs of Water Plant No. 2 are funded by the contribution of funds from each participating district. Water Plant No. 2 issues no debt.

Monthly operating costs of the joint water facilities are to be shared based on capacity acquired. During the fiscal year ended April 30, 2026, the District recorded $394,534 for operating expenditures under the terms of the agreement. At April 30, 2026, the District's share of the Plant's operating reserve was $133,420.

NOTE 9. WATER SUPPLY CONTRACTS (Continued)

The financial activities of the plants as of August 31, 2025, and for the year then ended are as follows:

Total Assets	$	592,287
Total Liabilities		592,287
Total Fund Balance	$	-0-
Total Revenues	$	2,182,949
Total Expenditures		2,182,949
Net Change in Fund Balance	$	-0-
Fund Balance - September 1, 2024		
Fund Balance - August 31, 2025	$	-0-

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with Developers within the District which provides for the Developers to make payments on behalf of the District for various projects. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The District has recorded a liability to the Developer of $473,330 for projects as of April 30, 2026. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers. The current year activity is as follows:

Due to Developers, beginning of year	$	539,174
Reimbursements		(65,844)
Due to Developers, end of year	$	473,330

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 19, 2011, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement was amended on November 22, 2013, December 10, 2015, and December 14, 2021. The agreement provides that in accordance with Subchapter F of the chapter 43 of the Local Government Code and the Act, the City shall annex a tract of land defined as the "Tract" for limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. Upon the limited-purpose annexation of the Tract, the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purpose during the term of this Agreement. The term of this Agreement continues until December 19, 2051. During the current fiscal year, the District recorded sales tax revenue of $729,222.

NOTE 13. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Conservation District for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal

NOTE 13. LONE STAR GROUNDWATER CONSERVATION DISTRICT (Continued)

of water from those groundwater reservoirs or their subdivisions. The Conservation District is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 49.055 of the Water Code. The Conservation District charges production fees based on the amount of water authorized by permit to be withdrawn from a well. This fee enables the Conservation District to fulfill its purpose and regulatory functions. The current permit fee is $0.085 per 1,000 gallons of water pumped from each well.

NOTE 14. SAN JACINTO RIVER AUTHORITY

The District has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The Authority operates within the boundaries of the Lone Star Conservation District ("the Conservation District"). See Note 11. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority's surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The Authority will develop a Groundwater Reduction Plan (the "GRP") for all participants. The Authority charges a fee, currently $2.51 per 1,000 gallons for groundwater used and $3.10 per 1,000 gallons for surface water used. This fee enables the Authority to achieve, maintain and implement the GRP. During the current fiscal year, the District recorded expenditures of $503,425 for groundwater used. The District also paid $291,991 to District No. 89 for their share of the groundwater used in the joint facilities.

NOTE 15. BOND SALE

On February 26, 2026, the District closed on the sale of $17,200,000 of Unlimited Tax Bonds, Series 2026. Proceeds from the bonds were used for construction and engineering costs for Water Plant No. 3, Legends Ranch Water Plant No. 2 and Water Re-Use Plant. Additional proceeds will be used to pay issuance costs of the bonds.

SPRING CREEK UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2026

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 3,175,000	$ 3,374,423	$ 199,423
Water Service	1,762,500	1,721,337	(41,163)
Wastewater Service	2,008,500	2,601,279	592,779
Water Authority Fee	1,030,000	890,196	(139,804)
Penalty and Interest	80,000	94,004	14,004
Sales Tax Revenue	650,000	729,222	79,222
Tap Connection and Inspection Fees	35,000	197,105	162,105
Investment Revenues	405,000	525,847	120,847
Miscellaneous Revenues	92,500	288,814	196,314
TOTAL REVENUES	$ 9,238,500	$ 10,422,227	$ 1,183,727
EXPENDITURES			
Service Operations:			
Professional Fees	$ 529,500	$ 471,258	$ 58,242
Contracted Services	2,227,000	2,142,735	84,265
Purchased Water/Pumpage Fees	1,736,000	897,959	838,041
Purchased Stormwater Service	445,300	251,185	194,115
Utilities	227,500	186,697	40,803
Repairs and Maintenance	2,657,725	2,260,260	397,465
Other	829,000	931,112	(102,112)
Capital Outlay	4,529,200	2,901,028	1,628,172
TOTAL EXPENDITURES	$ 13,181,225	$ 10,042,234	$ 3,138,991
NET CHANGE IN FUND BALANCE	$ (3,942,725)	$ 379,993	$ 4,322,718
FUND BALANCE - MAY 1, 2025	16,990,806	16,990,806	
FUND BALANCE - APRIL 30, 2026	$ 13,048,081	$ 17,370,799	$ 4,322,718

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND FOR THE YEAR ENDED APRIL 30, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Stormwater Service	$ 1,405,150	$ 913,550	$ (491,600)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 32,500	$ 22,286	$ 10,214
Contracted Services	39,000	18,194	20,806
Utilities	51,500	21,427	30,073
Repairs and Maintenance	547,500	403,693	143,807
Other	34,650	7,635	27,015
Capital Outlay	700,000	440,416	259,584
TOTAL EXPENDITURES	$ 1,405,150	$ 913,651	$ 491,499
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - MAY 1, 2025			
FUND BALANCE - APRIL 30, 2026	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2026

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
X	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control		Roads
X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
	Other (specify): Street Lighting				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective October 20, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 15.00	3,000	N	$ 2.00	3,001 to 6,000
				$ 3.00	6,001 to 9,000
				$ 4.50	9,001 to 13,000
				$ 5.50	13,001 to 16,000
				$ 8.00	16,001 to 20,000
				$10.00	20,000 and up
WASTEWATER:	$ 40.25*	6,000	N	$ 6.50	6,000 to 13,000
				$ 7.50	13,001 and up
SURCHARGE:					
Commission Regulatory Assessments			N	0.5% of actual water and wastewater charges	
San Jacinto River Authority Fees			N	$ 2.89	0,001 and up
LSGCD Fee			N	$ 0.0978	0,001 and up

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

*Includes solid waste disposal.

Total monthly charges per 10,000 gallons usage: Water: $34.50 Wastewater: $66.25 Surcharge: $30.38 Total: $131.13

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	3,727	3,693	x 1.0	3,693
1"	42	40	x 2.5	100
1½"	11	11	x 5.0	55
2"	56	56	x 8.0	448
3"	4	4	x 15.0	60
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	3,841	3,805		4,436
Total Wastewater Connections 3,780	3,781	3,780	x 1.0	3,780

3. TOTAL WATER CONSUMPTION DURING THE CURRENT FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	246,628,000	Water Accountability Ratio: 96% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	286,494,000	
Gallons purchased:	53,273,000	From: Montgomery County Municipal Utility District No. 89
Leaks and flushing:	60,000	

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2026

PROFESSIONAL FEES:		
Auditing	$	27,000
Engineering		232,252
Legal		212,006
TOTAL PROFESSIONAL FEES	$	471,258
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	394,534
Purchased Stormwater Service		251,185
TOTAL PURCHASED SERVICES FOR RESALE	$	645,719
CONTRACTED SERVICES:		
Bookkeeping	$	89,930
Information Technology		36,601
Operations and Billing		176,022
Security		785,354
Sales Tax		15,000
Solid Waste Disposal		1,039,828
TOTAL CONTRACTED SERVICES	$	2,142,735
UTILITIES	$	186,697
REPAIRS AND MAINTENANCE	$	2,260,260
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	33,441
Dues		750
Insurance		67,218
Office Supplies and Postage		129,118
Payroll Taxes		2,558
Travel and Meetings		21,541
Other		41,322
TOTAL ADMINISTRATIVE EXPENDITURES	$	295,948

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2026

CAPITAL OUTLAY	$	2,901,028
TAP CONNECTIONS	$	88,230
OTHER EXPENDITURES:		
Arbitrage Rebate	$	114,199
Chemicals		36,677
Laboratory Fees		62,181
Permit Fees		65,819
Inspection Fees		88,050
Water Authority Assessments		503,425
Regulatory Assessment		57,679
Sludge Hauling		103,234
Other		19,095
TOTAL OTHER EXPENDITURES	$	1,050,359
TOTAL EXPENDITURES	$	10,042,234

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
INVESTMENTS
APRIL 30, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0008	Varies	Daily	$ 2,499	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0004	Varies	Daily	$ 1,177,933	$ - 0 -
TOTAL - ALL FUNDS				$ 1,180,432	$ - 0 -

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - MAY 1, 2025	$ 163,865		$ 288,376	
Adjustments to Beginning Balance	80,042	$ 243,907	134,293	$ 422,669
Original 2025 Tax Levy	$ 3,250,563		$ 5,417,605	
Adjustment to 2025 Tax Levy	155,978	3,406,541	259,962	5,677,567
TOTAL TO BE ACCOUNTED FOR		$ 3,650,448		$ 6,100,236
TAX COLLECTIONS:				
Prior Years	$ 77,415		$ 130,491	
Current Year	3,297,008	3,374,423	5,495,013	5,625,504
TAXES RECEIVABLE - APRIL 30, 2026		$ 276,025		$ 474,732
TAXES RECEIVABLE BY YEAR:				
2025		$ 109,533		$ 182,554
2024		68,754		115,632
2023		76,061		127,920
2022		8,253		14,505
2021		3,339		7,830
2020		3,010		7,634
2019		2,027		5,213
2018 and prior		5,048		13,444
TOTAL		$ 276,025		$ 474,732

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 164,471,527	$ 161,342,072	$ 155,645,800	$ 156,283,850
Improvements	1,022,110,380	962,216,105	901,124,323	832,129,378
Personal Property	46,493,678	41,023,610	41,877,248	41,508,878
Exemptions	(200,790,715)	(176,722,563)	(158,242,130)	(144,335,209)
TOTAL PROPERTY VALUATIONS	$1,032,284,870	$ 987,859,224	$ 940,405,241	$ 885,586,897
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.55	$ 0.555	$ 0.555	$ 0.58
Maintenance	0.33	$ 0.330	0.330	0.33
TOTAL TAX RATES PER $100 VALUATION	$ 0.88	$ 0.885	$ 0.885	$ 0.91
ADJUSTED TAX LEVY*	$ 9,084,108	$ 8,742,554	$ 8,322,586	$ 8,058,841
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.78 %	97.89 %	97.55 %	99.72 %

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of $0.40 per $100 of assessed valuation approved by voters on April 3, 1982.

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2015 Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 150,000	$ 262,969	$ 412,969
2028	200,000	257,500	457,500
2029	200,000	251,125	451,125
2030	200,000	244,626	444,626
2031	225,000	237,578	462,578
2032	250,000	229,563	479,563
2033	350,000	219,438	569,438
2034	550,000	203,907	753,907
2035	575,000	184,219	759,219
2036	925,000	157,391	1,082,391
2037	925,000	123,282	1,048,282
2038	925,000	88,594	1,013,594
2039	950,000	53,438	1,003,438
2040	950,000	17,813	967,813
2041			
2042			
2043			
2044			
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2051			
	$ 7,375,000	$ 2,531,443	$ 9,906,443

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

	REFUNDING SERIES-2016		
Due During Fiscal Years Ending April 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 755,000	$ 163,900	$ 918,900
2028	755,000	133,700	888,700
2029	750,000	103,600	853,600
2030	745,000	73,700	818,700
2031	745,000	43,900	788,900
2032	365,000	21,700	386,700
2033	360,000	7,200	367,200
2034			
2035			
2036			
2037			
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2051			
	$ 4,475,000	$ 547,700	$ 5,022,700

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2017 Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 325,000	$ 179,281	$ 504,281
2028	325,000	169,938	494,938
2029	325,000	160,187	485,187
2030	325,000	150,438	475,438
2031	325,000	140,484	465,484
2032	325,000	130,125	455,125
2033	325,000	119,359	444,359
2034	300,000	108,625	408,625
2035	325,000	97,687	422,687
2036	350,000	85,875	435,875
2037	350,000	73,406	423,406
2038	350,000	60,719	410,719
2039	350,000	47,813	397,813
2040	350,000	34,688	384,688
2041	375,000	21,094	396,094
2042	375,000	7,031	382,031
2043			
2044			
2045			
2046			
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2049			
2050			
2051			
	$ 5,400,000	$ 1,586,750	$ 6,986,750

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	REFUNDING SERIES-2017A		
	Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 385,000	$ 116,406	$ 501,406
2028	405,000	106,025	511,025
2029	420,000	94,156	514,156
2030	460,000	80,956	540,956
2031	505,000	66,481	571,481
2032	540,000	50,131	590,131
2033	530,000	32,744	562,744
2034	715,000	12,066	727,066
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
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2051			
	$ 3,960,000	$ 558,965	$ 4,518,965

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2018 Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 200,000	$ 270,906	$ 470,906
2028	200,000	264,906	464,906
2029	200,000	258,906	458,906
2030	200,000	252,906	452,906
2031	200,000	246,906	446,906
2032	200,000	240,781	440,781
2033	200,000	234,531	434,531
2034	200,000	228,157	428,157
2035	200,000	221,657	421,657
2036	375,000	212,313	587,313
2037	425,000	199,047	624,047
2038	500,000	183,438	683,438
2039	550,000	165,375	715,375
2040	675,000	143,938	818,938
2041	925,000	115,938	1,040,938
2042	950,000	83,125	1,033,125
2043	950,000	49,875	999,875
2044	950,000	16,625	966,625
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 8,100,000	$ 3,389,330	$ 11,489,330

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

	REFUNDING SERIES-2019		
Due During Fiscal Years Ending April 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 485,000	$ 142,663	$ 627,663
2028	480,000	133,012	613,012
2029	495,000	123,263	618,263
2030	505,000	112,631	617,631
2031	495,000	99,525	594,525
2032	785,000	80,325	865,325
2033	775,000	56,925	831,925
2034	760,000	33,900	793,900
2035	750,000	11,250	761,250
2036			
2037			
2038			
2039			
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2041			
2042			
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2044			
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2051			
	$ 5,530,000	$ 793,494	$ 6,323,494

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2021 Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 400,000	$ 117,000	$ 517,000
2028	400,000	113,000	513,000
2029	400,000	109,000	509,000
2030	400,000	105,000	505,000
2031	400,000	101,000	501,000
2032	400,000	96,500	496,500
2033	400,000	91,500	491,500
2034	400,000	86,000	486,000
2035	400,000	80,000	480,000
2036	400,000	74,000	474,000
2037	400,000	67,500	467,500
2038	400,000	60,000	460,000
2039	400,000	52,000	452,000
2040	400,000	44,000	444,000
2041	400,000	36,000	436,000
2042	400,000	28,000	428,000
2043	400,000	20,000	420,000
2044	400,000	12,000	412,000
2045	400,000	4,000	404,000
2046			
2047			
2048			
2049			
2050			
2051			
	$ 7,600,000	$ 1,296,500	$ 8,896,500

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

	REFUNDING SERIES-2021A		
Due During Fiscal Years Ending April 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2027	$ 65,000	$ 150,500	$ 215,500
2028	65,000	148,550	213,550
2029	65,000	147,250	212,250
2030	65,000	145,950	210,950
2031	65,000	144,650	209,650
2032	140,000	142,600	282,600
2033	140,000	139,800	279,800
2034	240,000	136,000	376,000
2035	1,035,000	123,250	1,158,250
2036	1,370,000	99,200	1,469,200
2037	1,400,000	71,500	1,471,500
2038	1,425,000	43,250	1,468,250
2039	1,450,000	14,500	1,464,500
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
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2049			
2050			
2051			
	$ 7,525,000	$ 1,507,000	$ 9,032,000

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2026 Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$	$ 810,744	$ 810,744
2028	975,000	714,531	1,689,531
2029	975,000	665,781	1,640,781
2030	975,000	617,031	1,592,031
2031	500,000	580,156	1,080,156
2032	325,000	559,531	884,531
2033	325,000	543,281	868,281
2034	325,000	527,031	852,031
2035	325,000	513,828	838,828
2036	325,000	503,469	828,469
2037	325,000	491,688	816,688
2038	325,000	478,688	803,688
2039	325,000	465,688	790,688
2040	800,000	443,188	1,243,188
2041	800,000	411,188	1,211,188
2042	800,000	379,188	1,179,188
2043	975,000	343,688	1,318,688
2044	975,000	304,688	1,279,688
2045	975,000	265,688	1,240,688
2046	975,000	226,078	1,201,078
2047	975,000	185,859	1,160,859
2048	975,000	145,031	1,120,031
2049	975,000	103,594	1,078,594
2050	975,000	62,156	1,037,156
2051	975,000	20,717	995,717
	$ 17,200,000	$ 10,362,510	$ 27,562,510

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 2,765,000	$ 2,214,369	$ 4,979,369
2028	3,805,000	2,041,162	5,846,162
2029	3,830,000	1,913,268	5,743,268
2030	3,875,000	1,783,238	5,658,238
2031	3,460,000	1,660,680	5,120,680
2032	3,330,000	1,551,256	4,881,256
2033	3,405,000	1,444,778	4,849,778
2034	3,490,000	1,335,686	4,825,686
2035	3,610,000	1,231,891	4,841,891
2036	3,745,000	1,132,248	4,877,248
2037	3,825,000	1,026,423	4,851,423
2038	3,925,000	914,689	4,839,689
2039	4,025,000	798,814	4,823,814
2040	3,175,000	683,627	3,858,627
2041	2,500,000	584,220	3,084,220
2042	2,525,000	497,344	3,022,344
2043	2,325,000	413,563	2,738,563
2044	2,325,000	333,313	2,658,313
2045	1,375,000	269,688	1,644,688
2046	975,000	226,078	1,201,078
2047	975,000	185,859	1,160,859
2048	975,000	145,031	1,120,031
2049	975,000	103,594	1,078,594
2050	975,000	62,156	1,037,156
2051	975,000	20,717	995,717
	$ 67,165,000	$ 22,573,692	$ 89,738,692

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2026

Description	Original Bonds Issued	Bonds Outstanding May 1, 2025
Spring Creek Utility District Unlimited Tax Refunding Bonds - Series 2014	$ 7,735,000	$ 625,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2015	9,375,000	7,575,000
Spring Creek Utility District Unlimited Tax Refunding Bonds - Series 2016	5,305,000	4,580,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2017	8,325,000	5,725,000
Spring Creek Utility District Unlimited Tax Refunding Bonds - Series 2017A	5,400,000	4,330,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2018	9,500,000	8,300,000
Spring Creek Utility District Unlimited Tax Refunding Bonds - Series 2019	7,300,000	5,975,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2021	9,600,000	8,000,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2021A	7,770,000	7,590,000
Spring Creek Utility District Unlimited Tax Bonds - Series 2026	17,200,000	
TOTAL	$ 87,510,000	$ 52,700,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	April 30, 2026	Paying Agent
$	$ 625,000	$ 10,156	$	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	200,000	268,312	7,375,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	181,100	4,475,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	325,000	187,813	5,400,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	370,000	125,844	3,960,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	200,000	276,906	8,100,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	445,000	154,188	5,530,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	400,000	121,000	7,600,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	65,000	153,100	7,525,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
17,200,000			17,200,000	The Bank Of New York Mellon Trust Company, N.A. Houston, TX
$ 17,200,000	$ 2,735,000	$ 1,478,419	$ 67,165,000	

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2026

Bond Authority:	Tax Bonds *	Refunding Bonds
Amount Authorized by Voters	$ 217,000,000	$ 144,000,000
Amount Issued	95,985,000	4,644,308
Remaining to be Issued	$ 121,015,000	$ 139,355,692

Debt Service Fund cash, investments and cash with paying agent balances as of April 30, 2026:	$ 13,739,392
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,589,548

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 3,374,423	$ 3,128,556	$ 3,073,917
Water Service	1,721,337	1,932,585	1,693,228
Wastewater Service	2,601,279	2,353,977	2,058,729
Water Authority Fee	890,196	954,459	1,088,947
Penalty and Interest	94,004	90,881	78,654
Sales Tax Revenue	729,222	715,329	701,699
Tap Connection and Inspection Fees	197,105	74,225	175,752
Investment Revenues	525,847	680,728	669,336
Miscellaneous Revenues	288,814	134,709	96,542
TOTAL REVENUES	$ 10,422,227	$ 10,065,449	$ 9,636,804
EXPENDITURES			
Professional Fees	$ 471,258	$ 700,522	$ 614,232
Contracted Services	2,142,735	2,182,740	2,153,728
Purchased Stormwater Service	251,185	157,965	50,219
Utilities	186,697	170,607	185,877
Purchased Water/Pumpage Fees	897,959	1,253,941	1,057,543
Repairs and Maintenance	2,260,260	1,663,882	1,449,628
Other	931,112	752,411	726,532
Capital Lease, Principal and Interest			
Capital Outlay	2,901,028	1,802,603	5,714,453
TOTAL EXPENDITURES	$ 10,042,234	$ 8,684,671	$ 11,952,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 379,993	$ 1,380,778	$ (2,315,408)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ - 0 -	$ 1,702,738	$ -0-
NET CHANGE IN FUND BALANCE	$ 379,993	$ 3,083,516	$ (2,315,408)
BEGINNING FUND BALANCE	16,990,806	13,907,290	16,222,698
ENDING FUND BALANCE	$ 17,370,799	$ 16,990,806	$ 13,907,290

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 2,877,655	$ 2,119,908	32.4 %	31.1 %	31.9 %	32.3 %	30.4 %
1,495,350	1,277,535	16.5	19.2	17.6	16.8	18.3
1,852,248	1,718,001	25.0	23.4	21.4	20.8	24.6
1,105,037	954,035	8.5	9.5	11.3	12.4	13.7
58,908	61,839	0.9	0.9	0.8	0.7	0.9
830,906	562,362	7.0	7.1	7.3	9.3	8.1
95,158	129,498	1.9	0.7	1.8	1.1	1.9
362,952	13,141	5.0	6.8	6.9	4.1	0.2
218,230	133,327	2.8	1.3	1.0	2.5	1.9
$ 8,896,444	$ 6,969,646	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 398,309	$ 293,854	4.5 %	7.0 %	6.4 %	4.5 %	4.2 %
1,732,941	1,815,972	20.6	21.7	22.3	19.5	26.1
58,783	280,340	2.4	1.6	0.5	0.7	4.0
162,800	160,500	1.8	1.7	1.9	1.8	2.3
1,090,500	952,752	8.6	12.5	11.0	12.3	13.7
1,383,034	1,085,336	21.7	16.5	15.0	15.5	15.6
711,147	639,417	8.9	7.5	7.5	8.0	9.2
991,338	177,876				11.1	2.6
428,784	103,060	27.8	17.9	59.3	4.8	1.5
$ 6,957,636	$ 5,509,107	96.3 %	86.4 %	123.9 %	78.2 %	79.2 %
$ 1,938,808	$ 1,460,539	3.7 %	13.6 %	(23.9) %	21.8 %	20.8 %
$ (34,151)	$ (1,568,061)					
$ 1,904,657	$ (107,522)					
14,318,041	14,425,563					
$ 16,222,698	$ 14,318,041					

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 5,625,504	$ 5,259,697	$ 5,171,130
Penalty and Interest	80,046	47,568	102,290
Investment Revenues	411,478	468,216	423,777
Miscellaneous Revenues	2,099	25,979	11,386
TOTAL REVENUES	$ 6,119,127	$ 5,801,460	$ 5,708,583
EXPENDITURES			
Tax Collection Expenditures	$ 171,077	$ 158,525	$ 149,105
Debt Service Principal	2,735,000	2,700,000	2,650,000
Debt Service Interest and Fees	1,481,719	1,556,103	1,624,769
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	$ 4,387,796	$ 4,414,628	$ 4,423,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,731,331	$ 1,386,832	$ 1,284,709
OTHER FINANCING SOURCES (USES)			
Transfers In	$	$	$
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Discount			
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 1,731,331	$ 1,386,832	$ 1,284,709
BEGINNING FUND BALANCE	11,961,393	10,574,561	9,289,852
ENDING FUND BALANCE	$ 13,692,724	$ 11,961,393	$ 10,574,561
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,805	3,809	3,805
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,780	3,747	3,743

See accompanying independent auditor's report.

2023	2022	Percentage of Total Revenue 2026	2025	2024	2023	2022
$ 5,077,058	$ 4,988,468	92.0 %	90.7 %	90.6 %	94.7 %	96.6 %
63,331	165,375	1.3	0.8	1.8	1.2	3.2
214,074	7,415	6.7	8.1	7.4	4.0	0.1
7,440	4,787		0.4	0.2	0.1	0.1
$ 5,361,903	$ 5,166,045	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 140,484	$ 168,889	2.8 %	2.7 %	2.6 %	2.6 %	3.3 %
2,280,000	3,730,000	44.7	46.5	46.4	42.5	72.2
2,026,394	2,114,867	24.2	26.8	28.5	37.8	40.9
	274,291					5.3
	75,000					1.5
$ 4,446,878	$ 6,363,047	71.7 %	76.0 %	77.5 %	82.9 %	123.2 %
$ 915,025	$ (1,197,002)	28.3 %	24.0 %	22.5 %	17.1 %	(23.2) %
$	$ 1,500,000					
	7,770,000					
	(7,377,797)					
	(104,915)					
$ -0-	$ 1,787,288					
$ 915,025	$ 590,286					
8,374,827	7,784,541					
$ 9,289,852	$ 8,374,827					
3,762	3,730					
3,692	3,662					

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

District Mailing Address - Spring Creek Utility District
Roach & Associates, PLLC
480 Wildwood Forest Drive, Suite 140
The Woodlands, TX 77380

District Telephone Number - (832) 789-1899

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2026	Expense Reimbursements for the year ended April 30, 2026	Title
Claude Humbert	05/2022 05/2026 (Elected)	$ 7,200	$ 2,623	President
Mark Fusca	05/2024 05/2028 (Elected)	$ 7,200	$ 1,146	Vice President
Leslie Gourley	05/2024 05/2028 (Elected)	$ 7,200	$ 1,799	Secretary
Paul Sterling	05/2024 05/2028 (Elected)	$ 7,200	$ 900	Assistant Secretary
Marion Dougherty	12/2025 05/2026 (Appointed)	$ 1,768	$ -0-	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 18, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

Consultants:	Date Hired	Fees for the year ended April 30, 2026	Title
Roach & Associates, PLLC	08/16/16	$ 255,890 $ 344,937 $ 25,318	General Counsel Bond Related Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	05/27/22	$ 27,000 $ 2,500	Auditor Bond Related
Clarity Consulting Corporation	06/19/23	$ 93,930	Bookkeeper
Cobb, Fendley & Associates, Inc.	09/19/22	$ 1,005,742	Engineer
Masterson Advisors LLC	05/21/18	$ 350,819	Financial Advisor
Brian Desilets		$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	01/01/10	$ 964,435	Operator
Utility Tax Service, LLC	07/28/14	$ 60,088	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

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

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

SPECIMEN