

## OFFICIAL STATEMENT DATED SEPTEMBER 17, 2025

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 152A, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION SUBJECT TO THE MATTERS DESCRIBED UNDER “LEGAL MATTERS” HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE “LEGAL MATTERS” HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS.”

### NEW ISSUE-BOOK-ENTRY-ONLY

Insured Rating (AG): S&P “AA” (stable outlook)  
See “MUNICIPAL BOND RATING” and  
“MUNICIPAL BOND INSURANCE” herein.

**\$9,000,000**  
**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 152A**  
*(A political subdivision of the State of Texas located within Montgomery County)*  
**UNLIMITED TAX BONDS**  
**SERIES 2025**

**Dated Date: October 1, 2025**

**Due: March 1, as shown below**

**Interest Accrual Date: Date of Delivery**

The \$9,000,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”), are being issued by Montgomery County Municipal Utility District No. 152A (the “District”). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds accrues from the initial date of delivery to the Underwriter, as defined herein (the “Date of Delivery,” expected to be on or about October 21, 2025), and is initially payable on March 1, 2026. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 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 mature and are subject to redemption prior to their maturity as shown below.

The Bonds will be registered and delivered only 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 (as defined herein under “BOOK-ENTRY-ONLY SYSTEM.”) of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (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. See “BOOK-ENTRY-ONLY SYSTEM.”



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

### MATURITY SCHEDULE

Principal Amount	Maturity (March 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)	Principal Amount	Maturity (March 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)
\$ 375,000	2027	61373P DB8	6.500 %	2.55 %	\$ 375,000	2039 (a)	61373P DP7	4.000 %	4.20 %
375,000	2028	61373P DC6	6.500	2.60	375,000	2040 (a)	61373P DQ5	4.000	4.30
375,000	2029	61373P DD4	6.500	2.65	375,000	2041 (a)	61373P DR3	4.000	4.40
375,000	2030	61373P DE2	6.500	2.75	375,000	2042 (a)	61373P DS1	4.000	4.50
375,000	2031	61373P DF9	6.500	2.90	375,000	2043 (a)	61373P DT9	4.000	4.55
375,000	2032	61373P DG7	6.500	3.00	375,000	2044 (a)	61373P DU6	4.125	4.60
375,000	2033 (a)	61373P DH5	4.000	3.20	375,000	2045 (a)	61373P DV4	4.125	4.65
375,000	2034 (a)	61373P DJ1	4.000	3.40	375,000	2046 (a)	61373P DW2	4.125	4.69
375,000	2035 (a)	61373P DK8	4.000	3.60	375,000	2047 (a)	61373P DX0	4.250	4.72
375,000	2036 (a)	61373P DL6	4.000	3.80	375,000	2048 (a)	61373P DY8	4.250	4.75
375,000	2037 (a)	61373P DM4	4.000	4.00	375,000	2049 (a)	61373P DZ5	4.250	4.78
375,000	2038 (a)	61373P DN2	4.000	4.10	375,000	2050 (a)	61373P EA9	4.250	4.80

(a) Bonds maturing on or after March 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 March 1, 2032, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

(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.

(c) Neither the District nor the Underwriter (hereinafter defined) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein. Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriter for offers to the public and which subsequently may be changed.

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, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”**

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 21, 2025.

# TABLE OF CONTENTS

<b>MATURITY SCHEDULE .....</b>	<b>1</b>	<b>TAXING PROCEDURES.....</b>	<b>30</b>
<b>USE OF INFORMATION IN OFFICIAL STATEMENT .....</b>	<b>3</b>	Property Tax Code and County-Wide Appraisal District .....	30
<b>SALE AND DISTRIBUTION OF THE BONDS.....</b>	<b>4</b>	Property Subject to Taxation by the District.....	30
Award of the Bonds.....	4	General Residential Homestead Exemption .....	31
Prices and Marketability .....	4	Valuation of Property for Taxation.....	31
Securities Laws.....	4	District and Taxpayer Remedies.....	32
<b>OFFICIAL STATEMENT SUMMARY.....</b>	<b>5</b>	Agricultural, Open Space, Timberland, and Inventory Deferral .....	32
<b>SELECTED FINANCIAL INFORMATION (UNAUDITED).....</b>	<b>9</b>	Tax Abatement.....	32
<b>THE BONDS .....</b>	<b>10</b>	Levy and Collection of Taxes.....	32
General .....	10	Rollback of Operation and Maintenance Tax Rate.....	33
Description .....	10	District's Rights in the Event of Tax Delinquencies.....	33
Authority for Issuance .....	10	<b>RISK FACTORS .....</b>	<b>34</b>
Source and Security for Payment.....	11	General .....	34
Funds.....	11	Undeveloped Acreage, Vacant Lots and Occupied Homes .....	34
Record Date.....	11	Developer/Landowner Obligation to the District.....	34
Redemption Provisions.....	11	Economic Factors and Interest Rates.....	34
Method of Payment of Principal and Interest .....	11	Credit Markets and Liquidity in the Financial Markets .....	35
Registration .....	12	Competition.....	35
Replacement of Paying Agent/Registrar.....	12	Increase in Costs of Building Materials.....	35
Legal Investment and Eligibility to		Possible Impact on District Tax Rates.....	35
Secure Public Funds in Texas.....	12	Overlapping Debt and Taxes.....	36
Issuance of Additional Debt .....	12	Potential Effects of Oil Price Volatility on the Houston Area .....	36
Financing Water, Sewer and Drainage Facilities.....	13	Extreme Weather Events .....	36
Financing Recreational Facilities.....	13	Specific Flood Type Risks.....	36
Financing Road Facilities .....	13	Atlas 14 .....	37
Financing Fire-Fighting Activities.....	13	Tax Collections Limitations and Foreclosure Remedies.....	37
Annexation .....	13	Registered Owners' Remedies.....	37
Consolidation .....	14	Bankruptcy Limitation to Registered Owners' Rights.....	38
Remedies in Event of Default.....	14	Future Debt.....	38
Defeasance .....	14	Marketability of the Bonds.....	38
<b>BOOK-ENTRY-ONLY SYSTEM.....</b>	<b>15</b>	Environmental and Air Quality Regulations.....	39
<b>USE AND DISTRIBUTION OF BOND PROCEEDS .....</b>	<b>16</b>	Risk Factors Related to the Purchase of	
<b>WOODSON'S RESERVE.....</b>	<b>17</b>	Municipal Bond Insurance .....	40
<b>THE DISTRICT .....</b>	<b>17</b>	Future Legislation .....	41
General .....	17	Continuing Compliance with Certain Covenants.....	41
Description and Location.....	17	2025 Legislative Session.....	41
Land Use .....	18	<b>LEGAL MATTERS .....</b>	<b>41</b>
Status of Development.....	18	Legal Opinions.....	41
Homebuilding.....	18	Legal Review .....	42
Future Development .....	19	Tax Exemption.....	42
Strategic Partnership Agreement .....	19	Qualified Tax-Exempt Obligations.....	42
<b>THE DEVELOPER .....</b>	<b>19</b>	Collateral Federal Income Tax Consequences.....	42
Role of a Developer.....	19	State, Local and Foreign Taxes .....	43
TPHTI HBL, LLC .....	19	Tax Accounting Treatment of Original Issue	
<b>MANAGEMENT OF THE DISTRICT .....</b>	<b>20</b>	Discount and Premium Bonds.....	43
Board of Directors .....	20	<b>NO MATERIAL ADVERSE CHANGE .....</b>	<b>44</b>
District Consultants .....	20	<b>NO-LITIGATION CERTIFICATE.....</b>	<b>44</b>
<b>WATER, WASTEWATER AND DRAINAGE.....</b>	<b>21</b>	<b>MUNICIPAL BOND RATING .....</b>	<b>44</b>
Regulation .....	21	<b>MUNICIPAL BOND INSURANCE.....</b>	<b>44</b>
Master Facilities .....	21	Bond Insurance Policy.....	44
Internal Water Distribution, Wastewater Collection and Storm		Assured Guaranty Inc.....	45
Drainage Facilities.....	22	<b>PREPARATION OF OFFICIAL STATEMENT .....</b>	<b>46</b>
100-Year Flood Plain .....	22	Sources and Compilation of Information.....	46
Atlas 14 .....	23	Financial Advisor.....	46
Water and Wastewater Operations .....	23	Consultants.....	47
<b>ROADS.....</b>	<b>24</b>	Updating the Official Statement.....	47
<b>MAJOR CHANNEL AND DETENTION IMPROVEMENTS.....</b>	<b>24</b>	Certification of Official Statement .....	47
<b>FINANCIAL INFORMATION CONCERNING</b>		<b>CONTINUING DISCLOSURE OF INFORMATION .....</b>	<b>48</b>
<b>THE DISTRICT (UNAUDITED).....</b>	<b>24</b>	Annual Reports.....	48
Outstanding Bonds .....	25	Specified Event Notices .....	48
Investments of the District.....	25	Availability of Information from the MSRB .....	48
Debt Service Requirements .....	26	Limitations and Amendments.....	49
Estimated Overlapping Debt.....	27	Compliance With Prior Undertakings.....	49
Overlapping Taxes.....	27	<b>MISCELLANEOUS .....</b>	<b>49</b>
<b>TAX DATA .....</b>	<b>28</b>	<b>AERIAL LOCATION MAP</b>	
Debt Service Tax .....	28	<b>PHOTOGRAPHS OF THE DISTRICT</b>	
Maintenance and Operations Tax .....	28	<b>APPENDIX A—Independent Auditor's Report and Financial</b>	
Tax Exemptions.....	28	Statements of the District for the year ended August	
Tax Rate Distribution .....	28	31, 2024	
Historical Tax Collections .....	28	<b>APPENDIX B—Specimen Municipal Bond Insurance Policy</b>	
Tax Roll Information.....	29		
Principal Taxpayers.....	29		
Tax Adequacy for Debt Service.....	30		

## 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 Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056, upon payment of the costs of duplication thereof.

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 Underwriter (hereafter 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 Robert W. Baird & Co., Inc. (the “Underwriter”), paying the interest rates shown on the cover page hereof, at a price of 97.00% of the principal amount thereof which resulted in a net effective interest rate of 4.518482% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

### **Prices and Marketability**

Information concerning initial reoffering yields or prices is the responsibility of the Underwriter.

Except as otherwise described in the OFFICIAL NOTICE OF SALE under “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS—Establishing the Issue Price of the Bonds,” the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter 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 Underwriter 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 the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

### **Securities Laws**

No registration statement relating to the 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

<i>Description...</i>	Montgomery County Municipal Utility District No. 152 (“MUD 152”) was created by Chapter 982 (House Bill 4154), Acts of the 84th Legislature, Regular Session, 2015, codified as Chapter 7932 of the Texas Special District Local Laws Code, as amended (the “Act”), in accordance with Article XVI, Section 59 of the Texas Constitution. Pursuant to Section 7932.106 of the Act, on January 20, 2022, the Board of Directors of MUD 152 adopted an order dividing MUD 152 into four distinct districts: Montgomery County Municipal Utility District No. 152A (“MUD 152A” or the “District”), Montgomery County Municipal Utility District No. 152B (“MUD 152B”), Montgomery County Municipal Utility District No. 152C (“MUD 152C” or the “Master District”) and Montgomery County Municipal Utility District No. 152D (“MUD 152D”). The creation of the District was confirmed at an election held within the District on May 7, 2022. The District operates pursuant to the Act, as amended, and pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and includes approximately 497 acres of land within its boundaries. The District is in receipt of two petitions requesting the annexation of approximately 29.24 and 32.36 acres of land, respectively, and one petition requesting the exclusion of approximately 12.48 acres of land. The District is in the process of obtaining consent from the City of Conroe to annex the land named in the annexation petitions. See “THE DISTRICT.”
<i>Location...</i>	The District is located approximately 25 miles north of the City of Houston central business district and approximately 14 miles southeast of the City of Conroe. The District is accessed from Texas State Highway 99 (the “Grand Parkway”) and Lexington Boulevard and is bounded on the north by the Grand Parkway, on the west by Montgomery County Municipal Utility District No. 105 (“MUD 105”), and on the south and east by MUD 152B. The District is located within the extraterritorial jurisdiction of the City of Conroe and within the boundaries of Conroe Independent School District. See “THE DISTRICT” and “AERIAL LOCATION MAP.”
<i>Woodson’s Reserve...</i>	The District is part of the master-planned community of Woodson’s Reserve, currently consisting of the District, MUD 105, MUD 152B and MUD 152C. Montgomery County Water Control and Improvement District No. 205 (“WCID 205”) overlaps the boundaries of the District, MUD 152B, and MUD 152C. The development of Woodson’s Reserve is planned by the Developer (defined below) to ultimately encompass approximately 1,752 acres. See “WOODSON’S RESERVE,” “THE DISTRICT,” and “RISK FACTORS—Overlapping Debt and Taxes.”
<i>The Developer...</i>	TPHTL HBL, LLC, a Delaware limited liability company (the “Developer”) is the developer of the District. The Developer is a joint venture between Toll Brothers, Inc., a Delaware corporation (“Toll Brothers”) and Tri Pointe Homes, Inc., a Delaware corporation (“Tri Pointe”). Toll Brothers and Tri Pointe are public companies whose stock is traded on the New York Stock Exchange under the symbol TOL and TPH, respectively. See “THE DEVELOPER.”
<i>Status of Development...</i>	<p>Underground utilities and paving are complete for 661 single-family residential lots (approximately 185 acres) in the District. Additionally, 157 single-family residential lots are under construction on approximately 51 acres with expected completion in the fourth quarter of 2025. As of July 24, 2025, 407 homes were complete (395 homes were occupied, 2 unoccupied, and 10 model homes), 144 homes were under construction or in the name of a builder, and 110 lots were available for home construction.</p> <p>A Conroe Independent School District Elementary School, which is not subject to ad valorem taxation by the District, has been constructed on approximately 18 acres within the District. An additional approximately 39 acres within the District are planned for future Conroe Independent School District facilities.</p>

The remainder of the District is comprised of approximately 144 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 60 developable acres that have not been provided with utility service (excluding approximately 51 acres under construction for the development of 157 single-family residential lots). See “THE DISTRICT—Land Use,” “—Status of Development,” and “—Future Development.”

*The Builders...*

Homebuilders actively building homes in the District include Toll Southwest LLC and Tri Pointe Homes Texas, Inc. (the “Builders”). According to the Developer, new homes in the District are being offered for sale at prices ranging from approximately \$379,000 to over \$1,000,000. See “THE DISTRICT—Homebuilding.”

*Water and Wastewater  
Facilities...*

The District is constructing internal water, sewer and drainage facilities within its boundaries. Regional water supply for the development within the District’s boundaries is provided by regional facilities owned and operated by MUD 152C in its capacity as the Master District. Water Supply is currently provided by phase one of a recently constructed water supply plant, owned and operated by MUD 152C (the “Master District”). The Master District has purchased wastewater capacity for the development within the District, which capacity is provided in the joint wastewater treatment plant that is located within the boundaries of MUD 105 and owned and operated by MUD 105. See “WATER, WASTEWATER AND DRAINAGE.”

*Roads...*

The District is constructing a road system (the “Roads”) to serve the residents of the District by providing access to the major thoroughfares within Woodson’s Reserve and the surrounding area. The roads financed by a portion of the Outstanding Bonds include internal roads within Woodson’s Reserve, Section Twenty-One through Twenty-Six. Lexington Boulevard and Woodbridge Cove Drive are collector streets providing access to the local streets within the currently constructed development. Lexington Boulevard provides access to the District from the existing Woodson’s Reserve development. See “THE BONDS—Financing Road Facilities,” and “ROADS.”

*Storm Drainage...*

WCID 205 provides or will provide amenity/detention facilities and major road, drainage, and channel improvements to serve the land within its boundaries, including the District. See “MAJOR CHANNEL AND DETENTION IMPROVEMENTS.”

*Overlapping Debt  
Obligations...*

All of the land within the District is included within the boundaries of WCID 205 and is also subject to taxation by WCID 205. WCID 205 levied a 2024 tax rate in the amount of \$0.35 per \$100 of taxable assessed valuation (all maintenance and operations) and expects to levy its initial debt service tax in 2025. WCID 205 has previously issued \$7,100,000 principal amount of unlimited tax bonds for drainage facilities and sold an additional \$1,850,000 principal amount of unlimited tax bonds for road facilities on September 17, 2025, which are expected to be issued on October 21, 2025. The District’s 2024 tax rate of \$1.10 per \$100 of taxable assessed valuation, in combination with the 2024 tax rate of WCID 205 is \$1.45 per \$100 of taxable assessed valuation. See “RISK FACTORS—Overlapping Debt and Taxes.”

*Payment Record...*

The District has previously issued \$14,000,000 principal amount of unlimited tax bonds in one series for water, sanitary sewer and drainage facilities, and \$10,075,000 principal amount of unlimited tax bonds in two series for road facilities, of which \$24,075,000 principal amount remains outstanding (the “Outstanding Bonds”) as of the date hereof. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.” Twenty-Four (24) months of interest was capitalized from proceeds of the Series 2023 Road Bonds, twenty-four (24) months of interest was capitalized from proceeds of the Series 2024 Bonds, and twelve (12) months of interest was capitalized from proceeds of the Series 2024 Road Bonds. The District will capitalize twelve (12) months of interest from the proceeds of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The District has never defaulted on its debt obligations.

## THE BONDS

<i>Description...</i>	The \$9,000,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are being issued as fully registered bonds pursuant to an order (the “Bond Order”) authorizing the issuance of the Bonds adopted by the District’s Board of Directors. The Bonds are scheduled to mature serially on March 1 in each of the years 2027 through 2050, both inclusive. The Bonds will be issued in book-entry form only in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2026. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (“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 Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after March 1, 2033, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on March 1, 2032, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to finance water, sanitary sewer and drainage facilities as shown herein under the heading “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will also be used to capitalize twelve (12) months of interest on the Bonds and to pay operating advances and interest on funds advanced by the Developer on behalf of the District, pay engineering fees, administrative costs, and certain costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are the second series of bonds issued out of an aggregate \$124,442,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, the Bond Order, and an Order of the Texas Commission on Environmental Quality (“TCEQ”) dated July 25, 2025. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt,” and “RISK FACTORS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe, or any entity other than the District. See “THE BONDS—Source and Security for Payment” and “—Funds.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	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) to 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”). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Qualified Tax-Exempt Obligations...</i>	The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS—Qualified Tax-Exempt Obligations.”
<i>Bond Counsel...</i>	Schwartz, Page & Harding, L.L.P., Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants.”

<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants.”
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

### **RISK FACTORS**

The purchase and ownership of the Bonds are subject to special risk factors 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 “RISK FACTORS.”



## SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$216,292,614	(a)
Estimated Taxable Assessed Valuation as of July 1, 2025.....	\$340,626,969	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds).....	\$33,075,000	(c)
Estimated Overlapping Debt .....	<u>15,004,835</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$48,079,835	
Ratios of Gross Direct Debt to:		
2025 Taxable Assessed Valuation .....	15.29%	
Estimated Taxable Assessed Valuation as of July 1, 2025 .....	9.71%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation .....	22.23%	
Estimated Taxable Assessed Valuation as of July 1, 2025 .....	14.12%	
Funds Available for Debt Service:		
Debt Service Fund Balance as of August 20, 2025.....	\$ 1,666,863	(e)
Capitalized Interest from proceeds of the Bonds (Twelve (12) months) .....	<u>421,406</u>	(e)(f)
Total Funds Available for Debt Service.....	\$2,088,269	
Funds Available for Maintenance and Operations as of August 20, 2025 .....	\$563,962	(g)
Funds Available for Capital Projects as of August 20, 2025.....	\$435,326	
2024 Debt Service Tax Rate.....	\$0.31	
2024 Maintenance and Operations Tax Rate.....	<u>0.79</u>	
2024 Total Tax Rate.....	\$1.10	
Average Annual Debt Service Requirement (2026-2050).....	\$2,117,376	(h)
Maximum Annual Debt Service Requirement (2027).....	\$2,481,131	(h)
Tax Rates Required to Pay Average Annual Debt Service (2026-2050) at a 95% Collection Rate		
Based upon 2025 Taxable Assessed Valuation.....	\$1.04	(i)
Based upon Estimated Taxable Assessed Valuation as of July 1, 2025.....	\$0.66	(i)
Tax Rates Required to Pay Maximum Annual Debt Service (2027) at a 95% Collection Rate		
Based upon 2025 Taxable Assessed Valuation.....	\$1.21	(i)
Based upon Estimated Taxable Assessed Valuation as of July 1, 2025.....	\$0.77	(i)
Status of Development as of July 24, 2025 (j)		
Total Completed Single-Family Residential Lots.....	661	
Completed Homes (395 Occupied).....	397	
Model Homes.....	10	
Homes Under Construction or in the Name of a Builder.....	144	
Lots Available for Home Construction.....	110	
Lots Under Construction.....	157	
Estimated Population .....	1,382	(k)

- (a) The Montgomery Central Appraisal District (the "Appraisal District") has certified \$199,426,770 of taxable value and an additional \$16,865,844 remains uncertified, subject to review and downward revision prior to certification. According to the Appraisal District, such taxable value is understated and excludes taxable value. The Appraisal District has confirmed that the missing value will be added to the District's tax roll this fall on supplemental tax rolls; however, the District cannot guarantee that corrections will not be delayed. See "TAXING PROCEDURES."
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on July 1, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and July 1, 2025, will be certified as of January 1, 2026. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt," "—Overlapping Taxes," and "RISK FACTORS—Overlapping Debt and Taxes."
- (e) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for water, sewer, and drainage facilities ("Water, Sewer and Drainage Bonds") including the Bonds, and pro rata portion will be allocated to bonds sold for road facilities ("Road Bonds"). The Debt Service Fund includes capitalized interest from the Outstanding Bonds. See "THE BONDS—Funds."
- (f) The District will capitalize twelve (12) months of interest on the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) See "WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations."
- (h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (i) See "TAX DATA—Tax Adequacy for Debt Service" and "RISK FACTORS—Possible Impact on District Tax Rates."
- (j) See "THE DISTRICT—Land Use" and "—Status of Development."
- (k) Based upon 3.5 persons per occupied home.

## OFFICIAL STATEMENT

### **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 152A** *(A political subdivision of the State of Texas located within Montgomery County)*

#### **\$9,000,000** **UNLIMITED TAX BONDS** **SERIES 2025**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 152A (the “District”) of its \$9,000,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, the Act (as defined herein), the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), and an Order of the Texas Commission on Environmental Quality (“TCEQ”) dated July 25, 2025.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, TPHTL HBL, LLC, a Delaware limited liability company (the “Developer”), Toll Southwest LLC and Tri Pointe Homes Texas, Inc. (the “Builders”), 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. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

## THE BONDS

### **General**

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

### **Description**

The Bonds will be dated October 1, 2025, with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the date of delivery of the Bonds to the initial purchaser thereof (the “Date of Delivery”), and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on March 1 of the years and in the amounts, and accrue interest at the rates, shown under “MATURITY SCHEDULE” on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York (“DTC”), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein (“Registered Owners”). No physical delivery of the Bonds will be made to the purchasers thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

### **Authority for Issuance**

At an election held within the District on May 7, 2022, voters of the District authorized a total of \$124,442,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities. The Bonds constitute the second issuance of bonds from said authorization. After issuance of the Bonds, a total of \$101,442,000 in principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities will remain authorized but unissued. See “Issuance of Additional Debt” herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, the election held within the District described hereinabove, the Bond Order, and an Order of the TCEQ dated July 25, 2025.

## **Source and Security for Payment**

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this OFFICIAL STATEMENT with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe, or any political subdivision or entity other than the District.

## **Funds**

The Bond Order confirms prior creation of the District's Debt Service Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sanitary sewer drainage and recreational facilities ("WSD&R Bonds"), including the Bonds, from funds received to pay debt service on bonds issued to road facilities ("Road Bonds"). The Bond Order also confirms the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. An amount equal to twelve (12) months of interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD&R Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds.

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, into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of WSD&R Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Debt Service Fund created in respect of Road Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on WSD&R Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in a sub-account created in respect of Road Bonds, will not be allocated to the payment of the Bonds.

## **Record Date**

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

## **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on March 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Order.

By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. 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 Redemption Date.

## **Method of Payment of Principal and Interest**

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

## **Registration**

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

## **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 be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

## **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 apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

## **Issuance of Additional Debt**

The District's voters have authorized the issuance of a total of \$124,442,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and a total of \$49,500,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. After the issuance of the Bonds, \$101,442,000 in principal amount of unlimited tax bonds for acquiring or constructing water, sanitary sewer and drainage facilities will remain authorized but unissued and \$39,425,000 in principal amount of unlimited tax bonds for road facilities will remain authorized but unissued. The District's voters have also authorized a total of \$36,920,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, and \$210,862,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. The District's voters could authorize additional unlimited tax bonds for water, sanitary sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sanitary sewer and drainage facilities, and/or for recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," "—Financing Road Facilities" herein, and "THE DISTRICT—General," and "RISK FACTORS—Future Debt."

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.

### **Financing Water, Sewer and Drainage Facilities**

Pursuant to provisions of the Texas Constitution, Chapters 49 and 54, Texas Water Code, as amended, and the Act, the District is authorized to acquire or construct certain water, sewer and drainage facilities subject to the approval of the TCEQ and may finance such facilities with ad valorem tax bonds, subject to a successful District election to approve the issuance of bonds payable from taxes. See “THE DISTRICT—General.” At an election held within the District on May 7, 2022, voters of the District authorized a total of \$124,442,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. After issuance of the Bonds, \$101,442,000 in principal amount of unlimited tax bonds will remain authorized but unissued for such purposes. Issuance of additional bonds for said improvements and facilities could dilute the investment security of the Bonds. See “—Issuance of Additional Debt” herein and “RISK FACTORS—Future Debt.”

### **Financing Recreational Facilities**

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

At an election held within the District on May 7, 2022, voters of the District authorized a total of \$36,920,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, none of which have been issued. The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost of the facilities as set forth in the recreational facilities plan adopted by the District; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; (vi) and the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. Issuance of bonds for recreational facilities could dilute the investment security of the Bonds. See “—Issuance of Additional Debt” herein, and “RISK FACTORS—Future Debt”.

### **Financing Road Facilities**

Pursuant to the provisions of the Texas Constitution, Chapter 54 Texas Water Code, as amended, and the Act (as defined herein) the District is authorized to develop and finance with property taxes certain road facilities subject to a successful District election to approve the issuance of road bonds payable from taxes. At an election held within the District on May 7, 2022, voters of the District authorized a total of \$49,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, of which \$39,425,000 in principal amount of unlimited tax bonds for said improvements and facilities remain authorized but unissued. Issuance of additional bonds for road facilities could dilute the investment security of the Bonds. See “—Issuance of Additional Debt” herein, and “RISK FACTORS—Future Debt”.

### **Financing Fire-Fighting Activities**

The District is authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval by the City of Conroe for the issuance of bonds for such purposes; (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 District does not provide fire protection service, and the Board has not considered seeking TCEQ approval or calling such an election at this time.

### **Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Conroe, the District may be annexed for full purposes by the City of Conroe, subject to compliance by the City of Conroe with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Conroe hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Conroe must assume the District’s assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Conroe is a policy-making matter within the discretion of the Mayor and City Council of the City of Conroe, and, therefore, the District makes no representation that the City of Conroe will ever attempt to annex the District for full purposes and assume its debt. Moreover, no representation is made concerning the ability of the City of Conroe to make debt service payments should annexation occur.

Under the terms of the SPA (as hereinafter defined) between the District and the City of Conroe, however, the City has agreed not to annex the District for full purposes (a traditional municipal annexation) for at least twenty-five (25) years from the effective date of the SPA or until such time as the District has achieved 95% Build Out, as defined in such SPA, whichever is earlier. See "THE DISTRICT—Strategic Partnership Agreement." The District could consent to a full purpose annexation prior to that time by agreeing to amend the SPA to such effect, however, the District currently has no intention to do so.

### **Consolidation**

The District has the legal authority to consolidate with other municipal utility districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

### **Remedies in Event of Default**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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. Certain traditional legal remedies may also not be available. See "RISK FACTORS—Registered Owners' Remedies."

### **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) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge 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, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

## BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.*

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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+" from 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](http://www.dtcc.com).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Quiddity Engineering LLC, the District's Engineer (the "Engineer"). Nonconstruction costs are based upon either contract amounts or estimates of various costs by 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 and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

### CONSTRUCTION COSTS

• Construction and Engineering Related Costs Approved by the TCEQ.....	\$ 6,476,203
<b>Total Construction Costs.....</b>	<b>\$ 6,476,203</b>

### NON-CONSTRUCTION COSTS

• Underwriter's Discount (a).....	\$ 270,000
• Capitalized Interest (12 Months) (a).....	421,406
• Developer Interest.....	1,057,156
<b>Total Non-Construction Costs.....</b>	<b>\$ 1,748,562</b>

### ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 461,677
• Developer Advances for Operating Costs.....	235,964
• Bond Application Report Costs.....	40,000
• State Regulatory Fees.....	31,500
• Contingency (a).....	6,094
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 775,235</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 9,000,000</b>

(a) The TCEQ approved a maximum amount of Underwriter's Discount of 3.00% and twelve (12) months of capitalized interest at an estimated interest rate of 4.75% per annum. Contingency represents the difference between the estimated and actual amounts of capitalized interest.



## **WOODSON’S RESERVE**

The District is part of the master-planned community of Woodson’s Reserve, currently consisting of the District, Montgomery County Municipal Utility District No. 105 (“MUD 105”), Montgomery County Municipal Utility District No. 152B (“MUD 152B”), and Montgomery County Municipal Utility District No. 152C (“MUD 152C” or the “Master District”). WCID 205 overlaps the boundaries of the District, MUD 152B and MUD 152C. To date, 1,801 single-family residential lots on approximately 561 acres have been developed in Woodson’s Reserve, of which 1,090 single-family residential lots on approximately 357 acres are within MUD 105, and 661 single-family residential lots on approximately 185 acres are within the District, and 50 single-family residential lots on approximately 19 acres are within MUD 152B. The development of Woodson’s Reserve is planned by the Developer to ultimately encompass approximately 1,752 acres. Community amenities, which are located within MUD 105 but are available for all residents of Woodson’s Reserve, including the District, include Woodson’s Club, a 9,000 square foot clubhouse with a lazy river, resort style pool, and twenty-four-hour fitness room, open space and nature areas, a trail system, a dog park and community lakes.

## **THE DISTRICT**

### **General**

Montgomery County Municipal Utility District No. 152 (“MUD 152”) was created by Chapter 982 (House Bill 4154), Acts of the 84th Legislature, Regular Session, 2015, codified as Chapter 7932 of the Texas Special District Local Laws Code, as amended (the “Act”), in accordance with Article XVI, Section 59 of the Texas Constitution. Pursuant to Section 7932.106 of the Act, on January 20, 2022, the Board of Directors of MUD 152 adopted an order dividing MUD 152 into four distinct districts: the District, MUD 152B, and MUD 152C and Montgomery County Municipal Utility District No. 152D (“MUD 152D”). The creation of the District was confirmed at an election held within the District on May 7, 2022. The District operates pursuant to the Act, as amended, Section 52, Article III and Section 59, Article XVI of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts.

The District is empowered, among other things, to finance, 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, separately or jointly with one or more conservation and reclamation districts, municipalities, or other political subdivisions after approval by the City of Conroe, the TCEQ, and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and road facilities. See “THE BONDS—Issuance of Additional Debt,” “—Financing Water, Sewer and Drainage Facilities,” “—Financing Recreational Facilities,” and “—Financing Road Facilities,” “WATER, WASTEWATER AND DRAINAGE” “ROADS,” and “RISK FACTORS—Future Debt.”

The District is required to observe certain requirements of the City of Conroe which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, and road facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Conroe and filed in the real property records of Montgomery County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer and drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District’s water, sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “WATER, WASTEWATER AND DRAINAGE—Regulation.”

### **Description and Location**

The District currently includes approximately 497 acres of land within its boundaries. The District is in receipt of two petitions requesting the annexation of approximately 29.24 and 32.36 acres of land, respectively, and one petition requesting the exclusion of approximately 12.48 acres of land. The District is in the process of obtaining consent from the City of Conroe to annex the land named in the annexation petitions. The District is located approximately 25 miles north of the City of Houston central business district and approximately 14 miles southeast of the City of Conroe. The District is bounded on the north by the Grand Parkway, on the west by MUD 105, and on the south and east by MUD 152B. The District is located within the extraterritorial jurisdiction of the City of Conroe and within the boundaries of Conroe Independent School District. Access to the District is provided by Texas State Highway 99 (the “Grand Parkway”) and Lexington Boulevard. See “AERIAL LOCATION MAP.”

## **Land Use**

The following table represents a detailed breakdown of the current acreage and development in the District.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Woodson's Reserve		
Section Twenty.....	15	60
Section Twenty-One.....	19	76
Section Twenty-Two.....	13	42
Section Twenty-Three.....	23	64
Section Twenty-Four .....	23	95
Section Twenty-Five .....	21	89
Section Twenty-Six.....	18	51
Section Twenty-Seven .....	15	60
Section Twenty-Eight.....	24	57
Section Twenty-Nine (a).....	20	50
Section Thirty.....	14	67
Section Thirty-One (a) .....	14	58
Section Thirty-Two (a) .....	17	49
Subtotal.....	236	818
Conroe ISD Elementary School and Future School Sites.....	57	--
Future Development.....	60	--
Undevelopable (b).....	144	--
Totals.....	497	818

(a) Under construction with completion expected in the fourth quarter of 2025.

(b) Includes amenity/detention facilities, pipeline easements, drill sites, street rights-of-way and utility sites. See “WATER, WASTEWATER AND DRAINAGE—100-Year Flood Plain.”

## **Status of Development**

Underground utilities and paving are complete for 661 single-family residential lots (approximately 185 acres) in the District. Additionally, 157 single-family residential lots are under construction on approximately 51 acres with expected completion in the fourth quarter of 2025. As of July 24, 2025, 407 homes were complete (395 homes were occupied, 2 unoccupied, and 10 model homes), 144 homes were under construction or in the name of a builder, and 110 lots were available for home construction.

A Conroe Independent School District Elementary School, which is not subject to taxation ad valorem by the District, has been constructed on approximately 18 acres within the District. An additional approximately 39 acres within the District are planned for future Conroe Independent School District facilities.

The remainder of the District is comprised of approximately 144 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 60 developable acres (excluding approximately 51 acres under construction for the development of 157 single-family residential lots) that have not been provided with utility service. See “—Land Use” and “—Future Development.”

## **Homebuilding**

Homebuilders actively building homes in the District include Toll Southwest LLC and Tri Pointe Homes Texas, Inc. (herein defined as the “Builders”). According to the Developer, new homes in the District are being offered for sale at prices ranging from approximately \$379,000 to over \$1,000,000.

## **Future Development**

Approximately 111 developable acres of land in the District (including approximately 51 acres under construction for the development of 157 single-family residential lots) are not yet fully served with water, sanitary sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund sanitary water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$177,787,000 principal amount collectively for water, sanitary sewer, and drainage, roads, and recreational facilities) should be sufficient to finance the construction of facilities to complete the District's water, sanitary sewer, drainage, road and recreational facilities for full development of the District. See "WATER, WASTEWATER AND DRAINAGE," "ROADS," and "RISK FACTORS—Future Debt."

## **Strategic Partnership Agreement**

The District and the City of Conroe entered into a Strategic Partnership ("SPA") on January 5, 2021, pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for the terms and conditions for annexation of the District by the City of Conroe and controls over any other law. The SPA terminates on the earlier of (i) 40 years from the effective date of the Agreement, or (ii) the date the District ceases to exist.

Under the SPA the City of Conroe may at any time annex the territory of the District for limited purposes (a "limited purpose annexation"). After a limited purpose annexation, the City of Conroe may impose a sales and use tax within the District, but the District is not subject to property taxation by the City of Conroe.

Under the SPA the City of Conroe may annex the territory of the District for full purposes (a "full-purpose annexation") at any time on or after December 31, 2045, or at any earlier time that the District has achieved 95% build out as defined in the SPA. Upon full-purpose annexation the City of Conroe may either (i) abolish and District and assume its debts and obligations, or (ii) continue the District as a limited district under the terms of the SPA. The District cannot be abolished until it achieves 95% build out. The term "95% build out" means that the public water, sanitary sewer, drainage, and recreational facilities and roads for 95% of the developable land in the District have been constructed and the District has fully reimbursed the Developer for such infrastructure.

If the District is continued as a limited district after full-purpose annexation, the District may operate and remain responsible for its debt obligations. It will continue to have the power to levy and collect taxes to pay its debt and operating expenses associated therewith. Upon 95% build out, the City of Conroe may dissolve the limited district, take over its assets, assume its obligations, and perform its functions. See "THE BONDS—Annexation."

## **THE DEVELOPER**

### **Role of a Developer**

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

Investors in the Bonds should note that the prior real estate experience of the Developer and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developer or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developer or its affiliates, if any, is no indication or guarantee that the Developer will be successful in the future development of land within the District.

### **TPHTL HBL, LLC**

TPHTL HBL, LLC, a Delaware limited liability company (the "Developer") is the developer of the District. The Developer is a joint venture of Toll Brothers, Inc., a Delaware Corporation ("Toll Brothers") and Tri Pointe Homes, Inc., a Delaware corporation ("Tri Pointe"). Toll Brothers and Tri Pointe are public companies whose stock is traded on the New York Stock Exchange under the symbol TOL and TPH, respectively. The Developer makes all development decisions and provides all financing for the development.

The Developer has secured a \$43.399 million three-year revolving loan with U.S. Bank, NA, \$39.661 million of which is available to the Developer for the purpose of financing development within the District. The loan has a maturity of February 1, 2026 and is secured by substantially all Developer-owned real property in the District. As of August 1, 2025, the outstanding loan balance was approximately \$6.950 million. The Developer is in compliance with the material terms of the loan.

None of the Developer, Toll Brothers or Tri Pointe is legally obligated to continue providing funds for the development of the District. Toll Brothers and Tri Pointe are not legally obligated to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer.

Toll Brothers and Tri Pointe file annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document that Toll Brothers and Tri Pointe have filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, Toll Brothers and Tri Pointe make available on their web sites <http://www.tollbrothers.com> and <http://www.tripointehomes.com> their annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on Toll Brothers' or Tri Pointe's web sites, available by hyperlink from Toll Brothers' or Tri Pointe's web sites or on the SEC's web site, is not incorporated into this OFFICIAL STATEMENT.**

None of the Developer, Toll Brothers, Toll Southwest LLC, Tri Pointe, or any affiliates of the Developer, Toll Brothers, Toll Southwest LLC or Tri Pointe are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer, Toll Brothers, Toll Southwest LLC, Tri Pointe, or any affiliates of the Developer, Toll Brothers, Toll Southwest LLC or Tri Pointe have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time.

***Homebuilding:*** The Developer has developed or is currently developing all existing lots within the District and retains ownership of developed lots until the lots are taken down for home construction by either of the Builders. Pursuant to the lot sales agreement between the Developer and the Builders, the Builders are each entitled to fifty percent (50%) of the total developed lots. See "THE DISTRICT—Status of Development" and "—Homebuilding."

## MANAGEMENT OF THE DISTRICT

### **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 four-year staggered terms and elections are held in May in even numbered years. None of the Board members reside within the District, however, each of the Board members owns land within the District, subject to a Deed of Trust in favor of the Developer. The current members and officers of the Board, along with their titles and terms, are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Justin Cox	President	May 2026
Wesley Hightower	Vice President	May 2026
Stanton Brown	Secretary	May 2028
Peter Selber	Assistant Secretary	May 2028
Mary Farrell	Assistant Secretary	May 2028

### **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 and General Counsel:*** Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

***Disclosure Counsel:*** McCall, Parkhurst & Horton L.L.P., serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, 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.

***Engineer:*** The District's consulting engineer is Quiddity Engineering LLC. Pape-Dawson Engineers, Inc. is the consulting engineer for the Master District, and also provides engineering services for the District.

***Auditor:*** The financial statements of the District as of August 31, 2024, and for the year then ended, included in this offering document, have been audited by McGrath and Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's August 31, 2024, financial statements. The District has engaged McGrath and Co., PLLC, independent auditors, to audit its financial statements for the fiscal year ended August 31, 2025.

***Bookkeeper:*** The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

***Utility System Operator:*** Municipal District Services, LLC operates the water and wastewater systems and plants of MUD 152C and the internal water distribution and wastewater collection facilities of the District.

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

***Tax Assessor/Collector:*** The District has appointed an independent tax assessor/collector to perform the tax collection function. Bob Leared Interests, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

## **WATER, WASTEWATER AND DRAINAGE**

### **Regulation**

According to the Engineer, the District's improvements have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, as and if required for the particular improvements, the approval and permitting requirements of the TCEQ, Montgomery County and the City of Conroe as applicable.

### **Master Facilities**

***Master Water and Sanitary Sewer Facilities Contract:*** The District is served by a regional water supply and wastewater treatment system that is owned and operated by MUD 152C, in its capacity as the "Master District," pursuant to that certain contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated October 19, 2022, by and between MUDs 152C, 152A, and 152B, as amended and supplemented from time to time (the "Master Contract"). Each such party to the Master Contract, including the Master District in its capacity as a district receiving Master District services, is referred to hereinafter at times as a "Participant." The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area subsequently served by the Master District pursuant to the Master Contract. Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water, sewer and drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Participants may be required to fund additional capital costs for the construction of Master District facilities if the Master District determines, as a part of its annual recalculation of the Connection Charge, that actual costs for the Master District Facilities exceeded the Connection Charges paid. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments.

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a six-month period commencing at the beginning of the Master District's fiscal year (currently September 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participants, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

**Water Supply:** The Master District completed construction on the first phase of a permanent water plant to serve development within the District. The water supply plant within the District includes a 1,200 gallon per minute (“gpm”) water well, one 20,000 gallon pressure tank, one 380,000 gallon ground storage tank, and three 1,275 gpm booster pumps. The water supply is capable of serving approximately 950 equivalent single-family connections (“ESFCs”), of which 499 ESFCs are allocated to the District. No capacity has been allocated to MUD 152B at this time. The District has an emergency interconnect with MUD 105.

**Lone Star Groundwater Conservation District:** The Master 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 Master District, 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’s current Groundwater Management Plan (the “2025 Plan”) was adopted on March 4, 2025, and approved by the Texas Water Development Board on April 23, 2025. The 2025 Plan requires the Conservation District to monitor subsidence within its boundaries, participate in the joint planning efforts of Groundwater Management Area 14, and adopt well spacing and production allocation rules to achieve the goals stated therein. The 2025 Plan does not require large volume groundwater users to submit a groundwater reduction plan individually or jointly with other large volume groundwater users to ensure that certain progress is made to meet surface water conservation obligations.

**Wastewater Treatment:** Wastewater treatment for the development within the District is provided by a 450,000 gpd wastewater treatment plant owned and operated by MUD 105. The wastewater treatment plant will adequately serve 2,142 equivalent single-family connections. Pursuant to a Joint Wastewater Treatment Plant Agreement, dated July 21, 2021 (the “Wastewater Agreement”) with the District, MUD 105 agreed to provide initial wastewater capacity in the amount of 274 equivalent single-family connections (“ESFCs”) to serve development within the District, which capacity has been increased to 391 ESFCs following updates to the plant’s design criteria. The term of the Wastewater Agreement is 30 years. On July 20, 2022, the District assigned its rights and obligations under the Wastewater Agreement to the Master District. The Master District and MUD 105 have entered into a Wastewater Treatment Plant Capacity Sale and Purchase Agreement dated July 1, 2024, whereby the Master District has purchased an additional 525 ESFCs of capacity from MUD 105 to serve development within the District and MUD 152B, of which 499 ESFCs are allocated to the District. No capacity has been allocated to MUD 152B at this time. MUD 105 has authorized its engineer, Pape-Dawson Engineers, to begin the design of a 150,000 gallon per day expansion of the wastewater treatment plant to serve additional development within Woodson’s Reserve. Future expansions of the wastewater treatment facilities may be planned as required by the needs of the Master District to serve the Participants.

**Major Trunk Lines:** Major water distribution and wastewater collection lines have been constructed by the Developer on behalf of the Master District. Charges for water distribution system capacity in the Master District’s trunk lines and for wastewater collection system capacity in the Master District’s trunk lines is allocated through the payment of Connection Charges as described hereinabove.

**Allocation and Purchases of Capacity:** The District has been allocated 499 ESFCs for water supply and distribution, and wastewater treatment and collection by the Master District, for which the District funded Master District Connection Charges with a portion of the proceeds from the Series 2024 Bonds. The District may purchase additional capacity from the Master District in the future as necessary.

### **Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities**

Water distribution, wastewater collection, storm drainage facilities and related paving have been constructed in the District to serve 661 single-family residential lots and a Conroe Independent School District Elementary School. In addition, approximately 51 acres are under construction for the development of 157 single-family residential lots with an estimated completion by fourth quarter of 2025. See “THE DISTRICT—Land Use,” “—Status of Development,” and “—Future Development.”

### **100-Year Flood Plain**

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 226 acres of land in the northeastern portion of the District are currently located in the 100-year flood plain. The District filed a Letter of Map Revision to request approval from FEMA for the removal of approximately 144 of the 226 acres from the 100-year flood plain in October 2024. See “RISK FACTORS—Extreme Weather Events,” “—Specific Flood Type Risks” and “—Atlas 14.”

#### **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 upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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. See “RISK FACTORS—Atlas 14.”

#### **Water and Wastewater 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. Net revenues from operations of the District’s system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Outstanding in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District’s audited financial statements from the time of inception to the fiscal years ended August 31, 2022, 2023, and 2024 and for the eleven month period beginning September 1, 2024 and ending July 31, 2025 from the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to “APPENDIX A” for further and complete information.

	9/1/2024 to 7/31/2025 (Unaudited)	2024	2023	Inception to Fiscal Year Ended August 31 2022
Revenues:				
Water Service	\$ 184,823	\$ 143,739	\$ 35,781	\$ -
Sewer Service	255,466	121,989	16,105	-
Property Taxes	798,269	281,211	41,414	-
Penalty and Interest	7,767	17,535	7,038	-
Groundwater Pumpage Fees	57,243	67,944	16,399	-
Tap Connection and Inspection	380,003	401,350	166,685	-
Miscellaneous	17,811	11,483	75	-
Investment Earnings	22,585	16,133	21,480	30
Total Revenue	\$ 1,723,967	\$ 1,061,384	\$ 304,977	\$ 30
Expenditures:				
Purchased Services	\$ 116,792	\$ 404,642	\$ 308,472	\$ 9,826
Professional Fees	159,115	167,375	142,472	360,846
Contracted Services	860,609	350,488	257,327	33,009
Repairs and maintenance	364,247	122,033	70,391	-
Utilities	14,178	6,504	1,557	-
Administrative	63,521	31,571	15,585	41,255
Other	11,027	4,455	4,663	14,653
Capital Outlay	-	-	-	782,250 (c)
Total Expenditures	\$ 1,589,489	\$ 1,087,068	\$ 800,467	\$ 1,241,839
NET REVENUES	<u>\$ 134,478</u>	<u>\$ (25,684)</u>	<u>\$ (495,490)</u>	<u>\$ (1,241,809)</u>
Other Financing Sources	\$ -	\$ -	\$ 789,285 (a)	\$ 1,232,166 (b)
General Operating Fund				
Balance (Beginning of Year)	\$ 258,468	\$ 284,152	\$ (9,643)	\$ -
General Operating Fund				
Balance (End of Year)	\$ 392,946	\$ 258,468	\$ 284,152	\$ (9,643)

(a) Represents capital recovery fee from Conroe Independent School District.

(b) Developer advance.

(c) Expenses related to the acquisition of drainage easements.

## ROADS

A portion of the Outstanding Bonds were issued to finance the road system (the “Roads”) which serves the residents of a portion of the District by providing access in the vicinity of Woodson’s Reserve and the surrounding area. The roads financed by the Outstanding Bonds include internal roads within Woodson’s Reserve, Section Twenty through Twenty-Six and a portion of Lexington Boulevard. Upon completion, the Roads have been or will be accepted by Montgomery County for operation and maintenance in accordance with the procedures of Montgomery County. The District will not operate or maintain the Roads. See “THE BONDS—Financing Road Facilities.”

## MAJOR CHANNEL AND DETENTION IMPROVEMENTS

The drainage facilities constructed by WCID 205 consist of a detention outfall and outfall channel that is centrally located within WCID 205 that drains into the West Fork San Jacinto River. Such drainage facilities were designed and constructed in accordance with Montgomery County criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Woodson’s Reserve. Construction of additional drainage facilities will be phased to accommodate development as it occurs. The detention outfall and outfall drainage facilities constructed to date encompass approximately 35 acres of land and detain enough storm water to develop approximately 458 acres of development within WCID 205’s boundaries. See “RISK FACTORS—Atlas 14.”

## FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$216,292,614	(a)
Estimated Taxable Assessed Valuation as of July 1, 2025.....	\$340,626,969	(b)
Gross Direct Debt Outstanding (including the Bonds).....	\$33,075,000	(c)
Estimated Overlapping Debt .....	<u>15,004,835</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$48,079,835	
Ratios of Gross Direct Debt to:		
2025 Taxable Assessed Valuation .....	15.29%	
Estimated Taxable Assessed Valuation as of July 1, 2025 .....	9.71%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation .....	22.23%	
Estimated Taxable Assessed Valuation as of July 1, 2025 .....	14.12%	
Funds Available for Debt Service:		
Road Debt Service Fund Balance as of August 20, 2025 .....	\$ 1,666,863	(e)
Capitalized Interest from proceeds of the Bonds (Twelve (12) months) .....	<u>421,406</u>	(e)(f)
Total Funds Available for Debt Service.....	\$2,088,269	
Funds Available for Maintenance and Operations as of August 20, 2025 .....	\$563,962	(g)
Funds Available for Capital Projects as of August 20, 2025.....	\$435,326	

- (a) The Montgomery Central Appraisal District (the “Appraisal District”) has certified \$199,426,770 of taxable value and an additional \$16,865,844 remains uncertified, subject to review and downward revision prior to certification. According to the Appraisal District, such taxable value is understated and excludes taxable value. The Appraisal District has indicated that such taxable value will be added to the 2025 tax rolls by the end of 2025. See “TAXING PROCEDURES.”
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on July 1, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and July 1, 2025, will be certified as of January 1, 2026. See “TAXING PROCEDURES.”
- (c) After issuance of the Bonds. See “—Outstanding Bonds” herein.
- (d) See “RISK FACTORS—Overlapping Debt and Taxes.” “—Estimated Overlapping Debt,” and “—Overlapping Taxes” herein.
- (e) Although all of the District’s debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District’s ad valorem tax revenue will be allocated to bonds sold for water, sewer, and drainage facilities (“Water, Sewer and Drainage Bonds”) including the Bonds, and pro rata portion will be allocated to bonds sold for road facilities (“Road Bonds”). The Debt Service Fund includes capitalized interest from the Outstanding Bonds. See “THE BONDS—Funds.”
- (f) The District will capitalize twelve (12) months of interest on the Bonds. See “THE BONDS—Funds” and “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- (g) See “WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations.”



## **Outstanding Bonds**

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing road facilities, and one series of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities. The following table lists the original principal amount of such bonds by series and the principal amount outstanding as of August 31, 2025.

Series		Original Principal Amount	Outstanding Bonds
2023	(a)	\$ 5,000,000	\$ 5,000,000
2024		14,000,000	14,000,000
2024	(a)	<u>5,075,000</u>	<u>5,075,000</u>
Total		\$24,075,000	\$24,075,000

(a) Unlimited tax road bonds.

## **Investments of the District**

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. 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 owning long term securities or derivative products in the District's investment portfolio.

## Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that the District capitalized twenty-four (24) months of interest from proceeds of the Series 2023 Road Bonds, twenty-four (24) months of interest from Series 2024 Road Bonds or that the District will capitalize twelve (12) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	(a)	Debt Service on the Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2025	\$ 649,312.50	(a)	\$ -	\$ -	\$ -	\$ 649,312.50
2026	1,713,000.00		-	362,877.60	362,877.60	2,075,877.60
2027	1,696,912.50		375,000	409,218.75	784,218.75	2,481,131.25
2028	1,679,587.50		375,000	384,843.75	759,843.75	2,439,431.25
2029	1,666,025.00		375,000	360,468.75	735,468.75	2,401,493.75
2030	1,655,900.00		375,000	336,093.75	711,093.75	2,366,993.75
2031	1,640,831.25		375,000	311,718.75	686,718.75	2,327,550.00
2032	1,625,946.88		375,000	287,343.75	662,343.75	2,288,290.63
2033	1,610,875.00		375,000	267,656.25	642,656.25	2,253,531.25
2034	1,613,250.00		375,000	252,656.25	627,656.25	2,240,906.25
2035	1,604,100.00		375,000	237,656.25	612,656.25	2,216,756.25
2036	1,608,362.50		375,000	222,656.25	597,656.25	2,206,018.75
2037	1,605,375.00		375,000	207,656.25	582,656.25	2,188,031.25
2038	1,605,862.50		375,000	192,656.25	567,656.25	2,173,518.75
2039	1,599,625.00		375,000	177,656.25	552,656.25	2,152,281.25
2040	1,606,350.00		375,000	162,656.25	537,656.25	2,144,006.25
2041	1,600,850.00		375,000	147,656.25	522,656.25	2,123,506.25
2042	1,603,600.00		375,000	132,656.25	507,656.25	2,111,256.25
2043	1,599,125.00		375,000	117,656.25	492,656.25	2,091,781.25
2044	1,602,700.00		375,000	102,421.88	477,421.88	2,080,121.88
2045	1,603,850.00		375,000	86,953.13	461,953.13	2,065,803.13
2046	1,602,575.00		375,000	71,484.38	446,484.38	2,049,059.38
2047	1,603,875.00		375,000	55,781.25	430,781.25	2,034,656.25
2048	1,612,550.00		375,000	39,843.75	414,843.75	2,027,393.75
2049	1,613,125.00		375,000	23,906.25	398,906.25	2,012,031.25
2050	-		375,000	7,968.75	382,968.75	382,968.75
Total	\$ 39,623,565.63		\$ 9,000,000	4,960,143.23	13,960,143.23	\$ 53,583,708.85

(a) Does not include the March 1, 2025 debt service payment in the amount of \$475,610.59.

Average Annual Debt Service Requirements (2026-2050) ..... \$2,117,376  
Maximum Annual Debt Service Requirement (2027) ..... \$2,481,131

## **Estimated Overlapping Debt**

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	Amount
Montgomery County.....	\$ 516,260,000	7/31/2025	0.11%	\$ 588,536
Conroe Independent School District.....	2,512,490,000	7/31/2025	0.21%	5,301,354
Lone Star College System.....	471,270,000	7/31/2025	0.04%	164,945
WCID 205.....	8,950,000	(a)	100.00%	8,950,000
Total Estimated Overlapping Debt.....				\$ 15,004,835
The District's Total Direct Debt (b).....				33,075,000
Total Direct and Estimated Overlapping Debt .....				\$ 48,079,835

### **Direct and Estimated Overlapping Debt as a Percentage of:**

2025 Taxable Assessed Valuation of \$216,292,614 .....	22.23%
Estimated Taxable Assessed Valuation as of July 1, 2025 of \$340,626,969 .....	14.12%

- (a) Includes approximately \$1,850,000 principal amount of unlimited tax road bonds which sold on September 17, 2025 and are expected to be issued by WCID 205 on October 21, 2025. See "RISK FACTORS—Overlapping Debt and Taxes."
- (b) Includes the Bonds, and the Outstanding Bonds. See "RISK FACTORS—Future Debt."

## **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 a 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, 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 2024 tax year by all overlapping taxing jurisdictions and for the District. None of the entities below have adopted a 2025 tax rate. 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.

	Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Montgomery County.....	\$ 0.3790
Montgomery County Hospital District.....	0.0497
Conroe Independent School District.....	0.9496
Lone Star College System.....	0.1076
Montgomery County ESD No. 8.....	0.0936
WCID 205 (a).....	0.3500
Total Overlapping Tax Rate.....	\$ 1.9295
The District (b) .....	1.1000
Total Tax Rate.....	\$ 3.0295

- (a) See "RISK FACTORS—Overlapping Debt and Taxes."
- (b) See "TAX DATA—Tax Rate Distribution."

## TAX DATA

### **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 and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. See “Tax Rate Distribution” and “Tax Roll Information” below, and “TAXING PROCEDURES.”

### **Maintenance and Operations Tax**

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was held on May 7, 2022, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 of taxable assessed valuation for operations and maintenance costs. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

### **Tax Exemptions**

For the tax year 2025, the District has adopted an exemption of \$10,000 of the appraised value of residential homesteads of individuals who are sixty-five (65) years of age or older, or residential homesteads of individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. See “TAXING PROCEDURES—Property Subject to Taxation by the District.”

### **Tax Rate Distribution**

	2024	2023	2022
Debt Service Tax	\$ 0.310	\$ -	\$ -
Maintenance and Operations Tax	\$ 0.790	\$ 1.100	\$ 1.100
Total Tax Rate	\$ 1.100	\$ 1.100	\$ 1.100

### **Historical Tax Collections**

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Tax year 2022 was the initial year of taxation for the District. Such table has been prepared for inclusion herein based upon information obtained from a report prepared by the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See “Tax Roll Information” below.

	Certified Taxable			Total Collections	
Tax	Assessed	Tax	Total	As of 7/31/2025 (b)	
<u>Year</u>	<u>Valuation (a)</u>	<u>Rate</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percent</u>
2022	\$ 3,764,927	\$ 1.10	\$ 41,414	\$ 41,414	100.00%
2023	25,564,557	1.10	281,210	281,210	100.00%
2024	117,224,168	1.10	1,289,466	1,111,514	86.20% (c)

- (a) Net valuation represents final gross appraised value as certified by the Appraisal District less any exemptions granted. See “Tax Roll Information” below for gross appraised value and exemptions granted by the District.
- (b) Unaudited.
- (c) The Appraisal District corrected the District’s tax rolls to include an additional 27 accounts. Taxes on the additional taxable value as a result of adding such accounts are not due until January 31, 2026 and are therefore not delinquent.

## **Tax Roll Information**

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2022 through 2025 Taxable Assessed Valuations. Accurate breakdowns of the uncertified portion (\$16,865,844) of the 2025 Taxable Assessed Valuation of \$216,292,614, or the Estimated Taxable Assessed Valuation as of July 1, 2025, of \$340,626,969, are not available.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Uncertified Value	Taxable Assessed Valuation
	Land	Improvements	Personal Property				
2022	\$ 6,416,147	\$ -	\$ -	\$ 6,416,147	\$ (2,651,220)	\$ -	\$ 3,764,927
2023	30,803,202	4,326,310	75,065	35,204,577	(9,640,020)	-	25,564,557
2024	55,991,902	73,350,451	169,565	129,511,918	(12,287,750)	-	117,224,168
2025	62,354,304	194,692,177	1,322,509	258,368,990	(58,942,220)	16,865,844	216,292,614

## **Principal Taxpayers**

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the certified portion (\$199,426,770) of the 2025 Taxable Assessed Valuation of \$216,292,614. This represents ownership as of January 1, 2025. Principal taxpayer lists related to the uncertified portion (\$16,865,844) of the 2025 Taxable Assessed Valuation of \$216,292,614 or the Estimated Taxable Assessed Valuation as of July 1, 2025, of \$340,626,969 are not available.

Taxpayer	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
Toll Southwest LLC (b)	\$ 14,622,431	7.33%
Tri Pointe Homes Texas, Inc. (b)	7,787,364	3.91%
TPHTL HBL LLC (a)	4,874,204	2.45%
Grand Oaks Retail Dev LLC	2,114,400	1.06%
Individual	1,288,148	0.65%
Individual	1,278,989	0.64%
Individual	1,251,467	0.63%
Individual	1,169,962	0.59%
Individual	1,169,270	0.59%
Individual	1,157,906	0.58%
Total	\$ 36,714,141	18.41%

(a) See "THE DEVELOPER."

(b) See "THE DISTRICT—Homebuilding."

## **Tax Adequacy for Debt Service**

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurred beyond the 2025 Taxable Assessed Valuation of \$216,292,614 (\$199,426,770 of certified value and \$16,865,844 of uncertified value), or the Estimated Taxable Assessed Valuation as of July 1, 2025 of \$340,626,969. 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 the taxable value 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 "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "RISK FACTORS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2026-2050) .....	\$2,117,376
\$1.04 Tax Rate on 2025 Taxable Assessed Valuation .....	\$2,136,971
\$0.66 Tax Rate on Estimated Taxable Assessed Valuation as of July 1, 2025 .....	\$2,135,731
Maximum Annual Debt Service Requirement (2027).....	\$2,481,131
\$1.21 Tax Rate on 2025 Taxable Assessed Valuation .....	\$2,486,284
\$0.77 Tax Rate on Estimated Taxable Assessed Valuation as of July 1, 2025 .....	\$2,491,686

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2025 will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

## **TAXING PROCEDURES**

### **Property Tax Code and County-Wide Appraisal District**

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the 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 wholly 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"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Montgomery County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2025 tax year, the District has granted an exemption of \$10,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for the purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. 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 assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) 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.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property, but may choose to do so in the future.

### **General Residential Homestead Exemption**

Texas law 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. The law provides, however, that 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 District has never granted a general residential homestead exemption.

### **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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by 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 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% 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, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See “TAXING PROCEDURES—Rollback of Operations and Maintenance Tax Rate.” The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

## **Agricultural, Open Space, Timberland, and Inventory Deferment**

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture 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. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District 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 and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2025, 8.09 acres of land within the District was designated for agricultural use, open space, inventory deferent or timberland.

## **Tax Abatement**

The City of Conroe and Montgomery County may designate all or part of the District as a reinvestment zone, and the District, Montgomery County, and (if it were to annex the area) the City of Conroe may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

## **Levy and Collection of Taxes**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The



owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

### **Rollback of Operation and Maintenance Tax Rate**

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as “Low Tax Rate Districts.” Districts that have financed, completed, and issued bonds to pay for all land, 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. See “SELECTED FINANCIAL INFORMATION” AND “TAX DATA” for a description of the District’s current total tax rate.

*Low Tax Rate Districts:* Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 Low Tax Rate District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

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

*The District:* A determination as to a district’s status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2025, the District has been designated as a “Developing District.” The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

### **District’s Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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). Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collection Limitations and Foreclosure Remedies."

## **RISK FACTORS**

### **General**

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

### **Undeveloped Acreage, Vacant Lots and Occupied Homes**

There are approximately 111 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary for the construction of new development (including approximately 51 acres under construction for the development of 112 single-family residential lots) and 110 developed single-family residential lots that remained vacant as of July 24, 2025. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. Future increases in value will result primarily from construction of homes by builders. Failure of the Developer to develop the developable land or of the Builders (defined below) to construct homes on the developed lots could restrict the growth of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

### **Developer/Landowner Obligation to the District**

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots or developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

### **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots available for the construction of primary residences. The market value of such homes, lots and undeveloped land is related to general economic conditions in the greater Houston metropolitan region and the national economy and those conditions can affect the demand for residences. Demand for lots and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Homebuilding."

## **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles north of the central downtown business district of the City of Houston, and 14 miles south-east of the City of Conroe, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the greater Houston Metropolitan area and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

## **Competition**

The demand for and construction of single-family homes in the District, which is 25 miles north of the central downtown business district of the City of Houston, could be affected by competition from other residential developments, including other residential developments located in the northern portion of the Houston area market and in Woodson's Reserve. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of Toll Brothers and Tri Pointe Homes (the "Builders") in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer or its affiliates will be implemented or, if implemented, will be successful.

## **Increase in Costs of Building Materials**

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

## **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 2025 Taxable Assessed Valuation of the District is \$216,292,614 (\$199,426,770 of certified value and \$16,865,844 of uncertified value). See "FINANCIAL STATEMENT (UNAUDITED)." After issuance of the Bonds, the maximum annual debt service requirement will be \$2,481,131 (2027), and the average annual debt service requirement will be \$2,117,376 (2026-2050 inclusive). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$1.21 and \$1.04 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 requirement, respectively. The Estimated Taxable Assessed Valuation as of July 1, 2025 is \$340,626,969. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 1, 2025 and no use of other funds other than tax collections, tax rates of \$0.77 and \$0.66 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2025, will be the amounts finally certified by the Montgomery Central Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

## **Overlapping Debt and Taxes**

All land within the District is included within the boundaries of Montgomery County Water Control and Improvement District No. 205 (“WCID 205”) and is also subject to taxation by WCID 205 in addition to taxation by the District. WCID 205 levied a 2024 tax rate in the amount of \$0.35 per \$100 of taxable assessed valuation (all maintenance and operations) and expects to levy its initial debt service tax rate in 2025. WCID 205 is authorized to issue unlimited tax bonds in a maximum principal amount of \$90,843,000 for drainage purposes, \$75,450,000 for recreation purposes and \$72,450,000 for roads without additional voter approval. WCID 205 has previously issued \$7,100,000 principal amount of unlimited tax bonds for drainage facilities and expects to issue an additional \$1,850,000 principal amount of unlimited tax bonds for road facilities on October 21, 2025. The District cannot represent whether any of the development planned or occurring in WCID 205 will be successful or whether the appraised valuation of the land located within WCID 205 will justify continued payment of the taxes by property owners. Increases in WCID 205’s tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by WCID 205 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 205 is subject to numerous uncertainties such as the growth of taxable values within its boundaries, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Montgomery County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.45 per \$100 of taxable assessed valuation for the District and WCID 205 is higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Montgomery County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to \$1.50 per \$100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with WCID 205. The current combined tax rates of the District and WCID 205 are consistent with the rules of the TCEQ. If the total combined tax rates of the District and WCID 205 should ever exceed \$1.50 per \$100 of taxable assessed valuation, the District and WCID 205 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “—Possible Impact on District Tax Rates” herein, “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt” and “—Overlapping Taxes.”

## **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 or homebuilding activity 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 Events**

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

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 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**

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

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

#### **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 upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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. See “WATER, WASTEWATER AND DRAINAGE.”

#### **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 a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by 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 “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—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 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**

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 right to seek 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.

### **Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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 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's voters have authorized the issuance of a total of \$124,442,000 in principal amount of unlimited tax bonds for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and a total of \$49,500,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. After issuance of the Bonds, \$101,442,000 in principal amount of such unlimited tax bonds for water, sanitary sewer and drainage facilities will remain authorized but unissued and \$39,425,000 in principal amount of unlimited tax bonds for road facilities will remain authorized but unissued. The District's voters have also authorized a total of \$36,920,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing parks and recreational facilities, and \$210,862,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for acquiring or constructing water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District. The issuance of additional bonds for acquiring or constructing water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

After reimbursement with proceeds from the Bonds, the District will continue to owe funds to the Developer in the amount of approximately \$38,196,000 plus interest for advances made for the engineering and construction of water, sanitary sewer and drainage facilities and road facilities, and approximately \$3,315,150 plus interest for advances made for the engineering and construction of recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance recreational facilities may not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds. The District intends to issue additional bonds in order to fully reimburse the Developer and to provide such facilities to the remainder of undeveloped but developable land (approximately 116 acres including approximately 51 acres currently under construction for the development of 157 single-family residential lots). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. See "Overlapping Debt and Taxes" in this section and "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "—Financing Road Facilities," and "—Financing Fire-Fighting Facilities."

### **Marketability of the Bonds**

The District has no understanding with the Underwriter 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.

## **Environmental and Air Quality Regulations**

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways 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.

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

*Air Quality Issues:* Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, 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 “moderate” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. 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 Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, 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. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

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

Subsequently, the EPA and USACE issued a final rule amending the definition of “Waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision 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.

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The Underwriter 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 agreements, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer and its claims paying ability. The insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the insurer and of the ratings on the Bonds insured by the insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) of 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 Underwriters have made independent investigation into the claims paying ability of the insurer and no assurance or representation regarding the financial strength or projected financial strength of the insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the insurer, particularly over the life of the investment. See “MUNICIPAL BOND 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.



## **Future Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such legislation, administrative action, or court decision could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **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 “LEGAL MATTERS—Tax Exemption.”

## **2025 Legislative Session**

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District. On August 15, 2025, the Governor called the Second Special Session to begin on August 15, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

# **LEGAL MATTERS**

## **Legal Opinions**

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, 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, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See “Tax Exemption” below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

## **Legal Review**

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections “THE BONDS,” “THE DISTRICT—General,” “—Strategic Partnership Agreement,” “MANAGEMENT OF THE DISTRICT—Bond Counsel and General Counsel,” “WATER, WASTEWATER AND DRAINAGE—Master Facilities—Master Water and Sanitary Sewer Facilities Contract,” “TAXING PROCEDURES,” and “LEGAL MATTERS,” solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this OFFICIAL STATEMENT, nor has such firm 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 such firm’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 other information contained herein.

## **Tax Exemption**

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, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any 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.

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 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.

## **Qualified Tax-Exempt Obligations**

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be “qualified tax-exempt obligations.”

## **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 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.

#### **Tax Accounting Treatment of Original Issue Discount and Premium Bonds**

The initial public offering price to be paid for one or more maturities of the Bonds may be 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 accrued period or be in excess of one year (the "Original Issue Discount Bonds"). 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 constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. 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, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH 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.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). 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 a 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.

### **NO MATERIAL ADVERSE CHANGE**

The obligations of the Underwriter 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 condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of 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 Underwriter 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.

### **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) to 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"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

The rating reflect only the view of such organizations and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating 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 a 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. 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.

### *Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.*

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

### *Current Financial Strength Ratings*

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (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, 2024.

### *Capitalization of AG*

At June 30, 2025:

- The policyholders’ surplus of AG was approximately \$3,514 million.
- The contingency reserve of AG was approximately \$1,453 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,437 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, 2024 (filed by AGL with the SEC on February 28, 2025);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025).

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”.

## **PREPARATION OF OFFICIAL STATEMENT**

### **Sources and Compilation of Information**

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District’s records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. 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" and "TAXING PROCEDURES" has been provided by Bob Leared Interests, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

***Engineer:*** The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," "WATER, WASTEWATER AND DRAINAGE" and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" has been provided by Quiddity Engineering, LLC and Pape-Dawson Engineers, Inc., and have been included herein in reliance upon the authority of said firms as experts in the field of civil engineering.

***Auditor:*** The financial statements of the District as of August 31, 2024, and for the year then ended, included in this offering document, have been audited by McGrath and Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's August 31, 2024, financial statements.

***Bookkeeper:*** The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations" has been provided by Municipal Accounts & Consulting, L.P. and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of utility districts.

## **Updating the Official Statement**

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

## **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 official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings “WATER, WASTEWATER AND DRAINAGE,” “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” (except “Estimated Overlapping Debt” and “Overlapping Taxes”) and “TAX DATA—Tax Rate Distribution—Historical Tax Collections—Tax Roll Information—Tax Adequacy for Debt Service,” (most of which information is contained in the District’s annual audited financial statements) and in “APPENDIX A.” The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2025.

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

The District’s current fiscal year end is August 31. Accordingly, it must provide updated information by February 28 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.

### **Specified 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (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 “financial obligation” and “material” when used in this paragraph shall have the meanings ascribed to them 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 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](http://www.emma.msrb.org).



### **Limitations and Amendments**

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

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

Since its first issuance of bonds in 2023, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

## **MISCELLANEOUS**

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

/s/ Justin Cox  
President, Board of Directors

ATTEST:

/s/ Stanton Brown  
Secretary, Board of Directors

**AERIAL LOCATION MAP**  
**(Approximate boundaries as of July 2025)**



GRAND PKWY

**MONTGOMERY COUNTY  
MUNICIPAL UTILITY  
DISTRICT No. 152A**





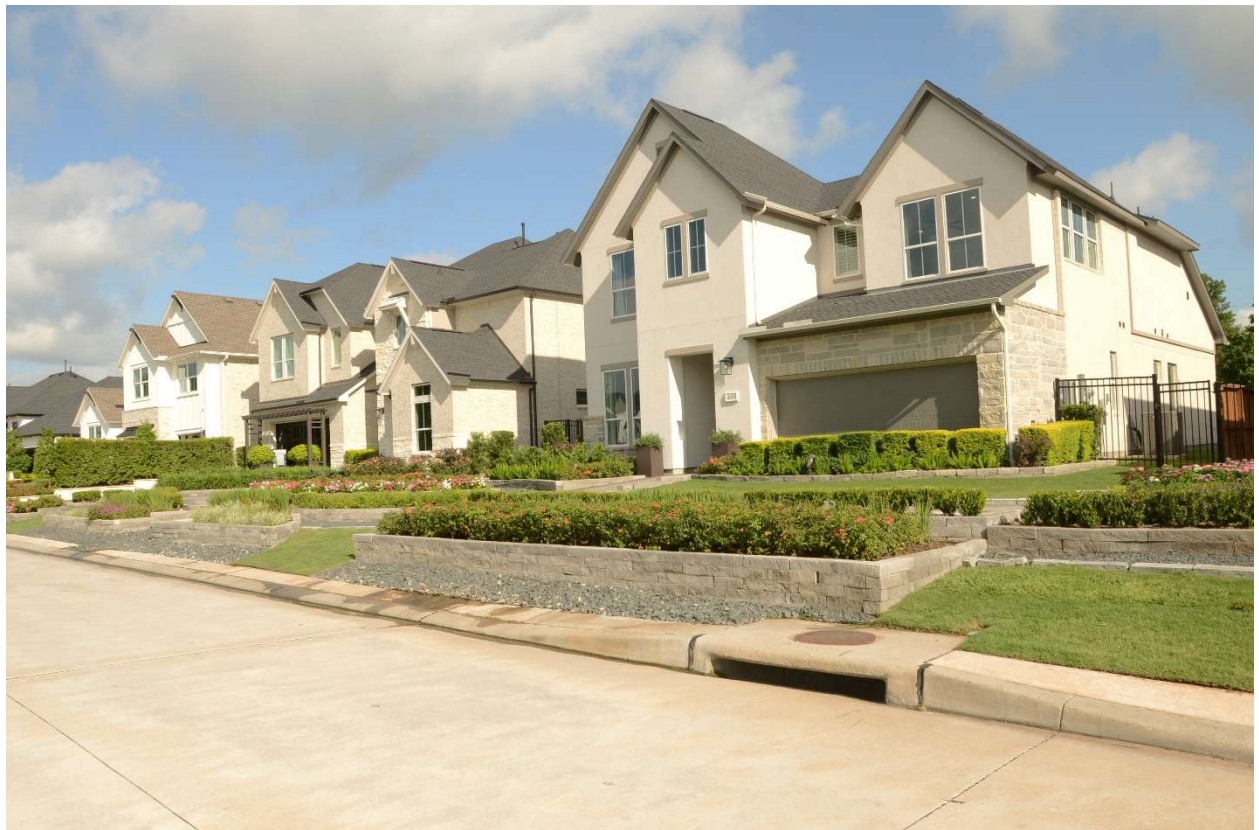
**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken July 2025)**























## **APPENDIX A**

### **Independent Auditor's Report and Financial Statements of the District for the year ended August 31, 2024**

The information contained in this appendix includes the audited financial statements of Montgomery County Municipal Utility District No. 152A and certain supplemental information for the fiscal year ended August 31, 2024.

**MONTGOMERY COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 152A**

**MONTGOMERY COUNTY, TEXAS**

**FINANCIAL REPORT**

*August 31, 2024*



## Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
<b>BASIC FINANCIAL STATEMENTS</b>		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		18
Notes to Financial Statements		21
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule – General Fund		40
Notes to Required Supplementary Information		41
<b>TEXAS SUPPLEMENTARY INFORMATION</b>		
Services and Rates	TSI-1	44
General Fund Expenditures	TSI-2	46
Investments	TSI-3	47
Taxes Levied and Receivable	TSI-4	48
Long-Term Debt Service Requirements by Years	TSI-5	49
Change in Long-Term Bonded Debt	TSI-6	50
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	52
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	54
Board Members, Key Personnel and Consultants	TSI-8	55



# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880

Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Montgomery County Municipal Utility District No. 152A  
Montgomery County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 152A (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 152A, as of August 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, the District implemented GASB Implementation Guide 2021-1, Question 5.1 during the current fiscal year. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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



***Board of Directors  
Montgomery County Municipal Utility District No. 152A  
Montgomery County, Texas***

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.

***Board of Directors  
Montgomery County Municipal Utility District No. 152A  
Montgomery County, Texas***

**Required Supplementary Information**

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

**Supplementary Information**

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

*W. G. Hatcher & Co, LLC*

Houston, Texas  
December 18, 2024

*(This page intentionally left blank)*

## **Management's Discussion and Analysis**

*(This page intentionally left blank)*

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

**Using this Annual Report**

Within this section of the financial report of Montgomery County Municipal Utility District No. 152A (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended August 31, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

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

**Fund Financial Statements**

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

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

**Financial Analysis of the District as a Whole**

The District's net position at August 31, 2024, was negative \$10,655,280. This amount is negative because the District incurs debt to construct public road facilities which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of August 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 1,042,464	\$ 506,781
Capital assets	10,850,221	7,647,190
Total assets	11,892,685	8,153,971
Current liabilities	597,032	222,629
Long-term liabilities	21,950,933	16,397,731
Total liabilities	22,547,965	16,620,360
Net position		
Net investment in capital assets	(1,093,479)	(176,431)
Restricted	336,309	
Unrestricted	(9,898,110)	(8,289,958)
Total net position	\$ (10,655,280)	\$ (8,466,389)

During the current fiscal year, the District implemented GASB Implementation Guide ("GASBIG") 2021-1, Question 5.1, which requires the capitalization of a group of individual assets that are below the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. In accordance with this standard, the District recognized, as infrastructure capital assets, water meters that were previously expensed in prior fiscal years, net of related accumulated depreciation, as of the beginning of the current fiscal year. Prior year data has not been restated to include values for these

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

infrastructure assets and, as a result, the presentation of prior year data as it relates to these assets is not consistent with the current year presentation (See Notes 3 and 6).

The total net position of the District decreased during the current fiscal year by \$2,330,434. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	\$ 298,746	\$ 48,452
Water and sewer service	265,728	51,886
Other	523,537	204,639
Total revenues	<u>1,088,011</u>	<u>304,977</u>
Expenses		
Current service operations	1,135,864	800,467
Debt interest and fees	226,531	
Developer interest	276,124	
Debt issuance costs	427,130	
Depreciation	277,394	176,431
Total expenses	<u>2,343,043</u>	<u>976,898</u>
Change in net position before other items	(1,255,032)	(671,921)
Other items		
Transfers to other governments	(2,154,842)	(6,262,504)
Write off of amounts due to developers	1,079,440	
Capital recovery fees		789,285
Change in net position	(2,330,434)	(6,145,140)
Net position, beginning of year (2024 restated)	(8,324,846)	(2,321,249)
Net position, end of year	<u>\$ (10,655,280)</u>	<u>\$ (8,466,389)</u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current year and, as a result, has restated its beginning net position for the current fiscal year. Prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

### **Financial Analysis of the District's Funds**

The District's combined fund balances, as of August 31, 2024, were \$545,432, which consists of \$258,468 in the General Fund, \$336,309 in the Debt Service Fund, and negative \$49,345 in the Capital Projects Fund.



**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

*General Fund*

A comparative summary of the General Fund's financial position as of August 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 755,500</u>	<u>\$ 506,781</u>
Total liabilities	\$ 497,032	\$ 222,629
Total fund balance	<u>258,468</u>	<u>284,152</u>
Total liabilities and fund balance	<u>\$ 755,500</u>	<u>\$ 506,781</u>

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

	2024	2023
Total revenues	\$ 1,061,384	\$ 304,977
Total expenditures	<u>(1,087,068)</u>	<u>(800,467)</u>
Revenues under expenditures	(25,684)	(495,490)
Other changes in fund balance		789,285
Net change in fund balance	<u>\$ (25,684)</u>	<u>\$ 293,795</u>

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer and groundwater pumpage fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

During the prior year, the District received \$789,285 in capital recovery fees from Conroe Independent School District.

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

*Debt Service Fund*

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of August 31, 2024 is as follows:

Total assets	<u>\$ 336,309</u>
Total fund balance	<u>\$ 336,309</u>

A summary of activities of the Debt Service Fund for the current fiscal year is as follows:

Total revenues	\$ 22,765
Total expenditures	<u>(226,531)</u>
Revenues under expenditures	(203,766)
Other changes in fund balance	<u>540,075</u>
Net change in fund balance	<u>\$ 336,309</u>

*Capital Projects Fund*

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District's Series 2023 Unlimited Tax Road Bonds. A summary of the financial position of the Capital Projects Fund as of August 31, 2024, is as follows:

Total assets	<u>\$ 155</u>
Total liabilities	\$ 49,500
Total fund balance	<u>(49,345)</u>
Total liabilities and fund balance	<u>\$ 155</u>

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

Total revenues	\$ 3,862
Total expenditures	<u>(4,513,132)</u>
Revenues under expenditures	(4,509,270)
Other changes in fund balance	<u>4,459,925</u>
Net change in fund balance	<u>\$ (49,345)</u>

**General Fund Budgetary Highlights**

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

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$25,684 less than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

**Capital Assets**

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

Capital assets held by the District at August 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	\$ 1,848,739	\$ 1,485,258
Capital assets being depreciated		
Infrastructure	6,935,871	5,057,559
Landscaping improvements	2,535,163	1,280,804
	<u>9,471,034</u>	<u>6,338,363</u>
Less accumulated depreciation		
Infrastructure	(278,754)	(112,391)
Landscaping improvements	(190,798)	(64,040)
	<u>(469,552)</u>	<u>(176,431)</u>
Depreciable capital assets, net	<u>9,001,482</u>	<u>6,161,932</u>
Capital assets, net	<u>\$ 10,850,221</u>	<u>\$ 7,647,190</u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current fiscal year. As a result, prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

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

- Woodson's Reserve Section 26 - utilities
- Woodson's Reserve Sections 21, 22 and 20/21 – landscape improvements
- Waterbend Cove, Woodson's Grand Drive, and Gia Lane – clearing and grubbing

Additionally, Montgomery County assumes responsibility (after a one-year maintenance period) for road facilities constructed by the District and within the unincorporated areas of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended August 31, 2024, capital

**Montgomery County Municipal Utility District No. 152A**  
**Management's Discussion and Analysis**  
**August 31, 2024**

assets in the amount of \$2,154,842 have been recorded as transfers to other governments in the government-wide statements.

**Long-Term Debt and Related Liabilities**

As of August 31, 2024, the District owes approximately \$17,050,933 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of \$24,461,730 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

During the current fiscal year, the District issued \$5,000,000 in unlimited tax road bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of August 31, 2023.

At August 31, 2024, the District had \$124,442,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$124,442,000 for the refunding of such bonds; \$36,920,000 for parks and recreational facilities and \$36,920,000 for the refunding of such bonds; and \$44,500,000 for road improvements and \$49,500,000 for the refunding of such bonds.

**Next Year's Budget**

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

	2024 Actual	2025 Budget
Total revenues	\$ 1,061,384	\$ 1,506,192
Total expenditures	(1,087,068)	(1,210,346)
Revenues over/(under) expenditures	(25,684)	295,846
Beginning fund balance	284,152	258,468
Ending fund balance	\$ 258,468	\$ 554,314

**Property Taxes**

The District's property tax base increased approximately \$49,543,000 (based on certified values) for the 2024 tax year from \$25,564,657 to \$75,107,579. This increase was primarily due to new construction in the District and increased property values. For the 2024 tax year, the District has levied a maintenance tax rate of \$0.79 per \$100 of assessed value and a debt service tax rate of \$0.31 per

***Montgomery County Municipal Utility District No. 152A***  
***Management's Discussion and Analysis***  
***August 31, 2024***

\$100 of assessed value, for a total combined tax rate of \$1.10 per \$100 of assessed value. Tax rate for the 2023 tax year was \$1.10 per \$100 of assessed value, all of which was allocated to maintenance and operations.

## **Basic Financial Statements**

**Montgomery County Municipal Utility District No. 152A**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**August 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Assets</b>				
Cash	\$ 185,489	\$ -	\$ 155	\$ 185,644
Investments	339,045	336,309		675,354
Customer service receivables, net	41,222			41,222
Internal balances	49,500		(49,500)	
Operating reserve	56,708			56,708
Other receivables	83,536			83,536
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 755,500</u>	<u>\$ 336,309</u>	<u>\$ (49,345)</u>	<u>\$ 1,042,464</u>
<b>Liabilities</b>				
Accounts payable	\$ 217,523	\$ -	\$ -	\$ 217,523
Other payables	1,119			1,119
Customer deposits	154,695			154,695
Unearned revenue	123,695			123,695
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>497,032</u>	<u></u>	<u></u>	<u>497,032</u>
<b>Fund Balances/Net Position</b>				
<b>Fund Balances</b>				
Nonspendable	56,708			56,708
Restricted		336,309		336,309
Unassigned	201,760		(49,345)	152,415
Total Fund Balances	<u>258,468</u>	<u>336,309</u>	<u>(49,345)</u>	<u>545,432</u>
Total Liabilities and Fund Balance	<u>\$ 755,500</u>	<u>\$ 336,309</u>	<u>\$ (49,345)</u>	<u>\$ 1,042,464</u>
<b>Net Position</b>				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 185,644
	675,354
	41,222
	56,708
	83,536
1,848,739	1,848,739
9,001,482	9,001,482
<u>10,850,221</u>	<u>11,892,685</u>

	217,523
	1,119
	154,695
	123,695
17,050,933	17,050,933
100,000	100,000
4,900,000	4,900,000
<u>22,050,933</u>	<u>22,547,965</u>

(56,708)
(336,309)
<u>(152,415)</u>
<u>(545,432)</u>

(1,093,479)	(1,093,479)
336,309	336,309
<u>(9,898,110)</u>	<u>(9,898,110)</u>
<u>\$ (10,655,280)</u>	<u>\$ (10,655,280)</u>



**Montgomery County Municipal Utility District No. 152A**

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended August 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Revenues</b>				
Water service	\$ 143,739	\$ -	\$ -	\$ 143,739
Sewer service	121,989			121,989
Property taxes	281,211			281,211
Penalties and interest	17,535			17,535
Groundwater pumpage fees	67,944			67,944
Tap connection and inspection	401,350			401,350
Miscellaneous	11,483			11,483
Investment earnings	16,133	22,765	3,862	42,760
Total Revenues	1,061,384	22,765	3,862	1,088,011
<b>Expenditures/Expenses</b>				
Current service operations				
Purchased services	404,642			404,642
Professional fees	167,375		48,750	216,125
Contracted services	350,488			350,488
Repairs and maintenance	122,033			122,033
Utilities	6,504			6,504
Administrative	31,571			31,571
Other	4,455		46	4,501
Capital outlay			3,761,082	3,761,082
Debt service				
Interest and fees		226,531		226,531
Developer interest			276,124	276,124
Debt issuance costs			427,130	427,130
Depreciation				
Total Expenditures/Expenses	1,087,068	226,531	4,513,132	5,826,731
<b>Revenues Under Expenditures/Expenses</b>	(25,684)	(203,766)	(4,509,270)	(4,738,720)
<b>Other Financing Sources</b>				
Proceeds from sale of bonds		540,075	4,459,925	5,000,000
<b>Other Items</b>				
Transfers to other governments				
Write off of due to developers				
<b>Net Change in Fund Balance</b>	(25,684)	336,309	(49,345)	261,280
<b>Change in Net Position</b>				
Fund Balance/Net Position				
Beginning of the year, as reported	284,152			284,152
Change due to new accounting guidance (see Note 3)				
Beginning of the year, as restated	284,152			284,152
<b>End of the year</b>	\$ 258,468	\$ 336,309	\$ (49,345)	\$ 545,432

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 143,739
	121,989
	281,211
	17,535
	67,944
	401,350
	11,483
	42,760
	1,088,011
	404,642
	216,125
	350,488
	122,033
	6,504
	31,571
	4,501
(3,761,082)	
	226,531
	276,124
	427,130
277,394	277,394
(3,483,688)	2,343,043
3,483,688	(1,255,032)
(5,000,000)	
(2,154,842)	(2,154,842)
1,079,440	1,079,440
(261,280)	
(2,330,434)	(2,330,434)
(8,750,541)	(8,466,389)
141,543	141,543
(8,608,998)	(8,324,846)
\$ (11,200,712)	\$ (10,655,280)

*(This page intentionally left blank)*

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Montgomery County Municipal Utility District No. 152A (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was created by the division of Montgomery County Municipal Utility District No. 152 (“No. 152”) which was created and established pursuant to House Bill No. 4154, 84<sup>th</sup> Session of the Texas Legislature, Regular Session dated May 27, 2015. No. 152 adopted an Order Dividing District and Redefining Boundaries which divided No. 152 into four districts: the District, Montgomery County Municipal Utility District No. 152B, Montgomery County Municipal Utility District No. 152C, and Montgomery County Municipal Utility District No. 152D, and assigned to the District all rights and obligations of No. 152. The Board of Directors of the District held its first meeting on January 20, 2022, and the District’s creation was confirmed at an election held May 7, 2022. The District operates pursuant to Chapter 7932, Texas Special District Local Laws Code, and Chapters 49 and 54, Texas Water Code.

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

**Reporting Entity**

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

**Government-Wide and Fund Financial Statements**

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

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

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

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

**Measurement Focus and Basis of Accounting**

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting (continued)**

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

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

**Use of Restricted Resources**

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

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At August 31, 2024, an allowance of \$6,850 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

**Interfund Activity**

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets are not capitalized. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	20 years

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

**Deferred Inflows and Outflows of Financial Resources**

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

**Net Position – Governmental Activities**

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

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

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

Unrestricted – resources not included in the other components.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists operating reserves paid to Montgomery County Municipal Utility District No. 105 for capacity in the joint wastewater treatment plant.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balance consists of capitalized interest from the sale of bonds in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund and a deficit balance in the Capital Projects Fund.

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



**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

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

**Note 2 – Adjustment from Governmental to Government-wide Basis**

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

Total fund balance, governmental funds	\$	545,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$	11,319,773
Less accumulated depreciation		<u>(469,552)</u>
Change due to capital assets		10,850,221
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of bond payable.		
		(5,000,000)
Amounts due to developers for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .		
		(17,050,933)
Total net position - governmental activities	<u>\$</u>	<u>(10,655,280)</u>

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

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

Net change in fund balance - total governmental funds	\$ 261,280
---	------------

Governmental funds report capital outlays for developer reimbursements as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 3,761,082	
Depreciation expense	<u>(277,394)</u>	
		3,483,688

The issuance of long-term debt provides current financial resources to governmental funds; however, in <i>Statement of Net Position</i> , this amount is reported as a long-term liability.	(5,000,000)
---	-------------

The District conveys certain assets to other governmental entities upon completion of construction. Since these improvements are funded by developers, financial resources are not expended in the fund financial statements. However, in the <i>Statement of Activities</i> , these amounts are reported as transfers to other governments.	(2,154,842)
--	-------------

The write off of amounts due to developers for prefunded construction does not provide financial resources at the fund level, but results in an adjustment to net position in <i>Statement of Activities</i> .	1,079,440
--	-----------

Change in net position of governmental activities	<u><u>\$ (2,330,434)</u></u>
---	------------------------------

**Note 3 – Implementation of New Accounting Guidance**

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. Under this new guidance, the District’s acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances*. On the government wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position*.

**Note 3 – Implementation of New Accounting Guidance (continued)**

GASBIG 2021-1, Question 5.1 is required to be retroactively implemented, which means the District is required to record the acquisition of water meters that were expensed in previous fiscal years as infrastructure capital assets and to record the related accumulated depreciation at the beginning of the current fiscal year. Accordingly, the District has recorded a prior period adjustment to recognize \$141,543 in depreciable capital assets, which were measured at net book value (i.e., cost less accumulated depreciation) as of the beginning of the current fiscal year and increased its beginning net position by the same amount. Prior year amounts in the Management's Discussion and Analysis and supplementary schedules were not restated.

**Note 4 – Deposits and Investments**

**Deposit Custodial Credit Risk**

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

**Investments**

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

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

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 4 – Deposits and Investments (continued)**

**Investments (investments)**

As of August 31, 2024, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	\$ 339,045	AAAm	35 days
	Debt Service	336,309		
		<u>\$ 675,354</u>		

**Texas CLASS**

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

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

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

**Investment Credit and Interest Rate Risk**

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

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 5 – Interfund Balances and Transactions**

Amounts due to/from other funds at August 31, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Capital Projects Fund	\$ 49,500	Bond application fees paid by the General Fund

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

**Note 6 – Capital Assets**

A summary of changes in capital assets, for the year ended August 31, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,485,258	\$ 363,481	\$ 1,848,739
Capital assets being depreciated			
Infrastructure	5,214,829	1,721,042	6,935,871
Landscaping improvements	1,280,804	1,254,359	2,535,163
	6,495,633	2,975,401	9,471,034
Less accumulated depreciation			
Infrastructure	(128,118)	(150,636)	(278,754)
Landscaping improvements	(64,040)	(126,758)	(190,798)
	(192,158)	(277,394)	(469,552)
Subtotal depreciable capital assets, net	6,303,475	2,698,007	9,001,482
Capital assets	\$ 7,788,733	\$ 3,061,488	\$ 10,850,221

Depreciation expense for the current fiscal year was \$277,394.

As discussed in Note 3, the District recorded a prior period adjustment to capitalize the acquisition of certain capital assets and accumulated depreciation at the beginning of the current fiscal year. In previous fiscal years, these costs were expensed. As a result, beginning balances for infrastructure capital assets in the current fiscal year are not consistent with prior year data.

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 7 – Due to Developers**

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

A developer within the District has also advanced funds to the District for operating expenses.

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

Due to developers, beginning of year	\$ 16,397,731
Developer reimbursements	(3,761,082)
Developer funded construction and adjustments	5,493,724
Write off of amounts due to developers	(1,079,440)
Due to developers, end of year	<u>\$ 17,050,933</u>

During the current fiscal year, the District executed an agreement with Montgomery County Municipal Utility District No. 152C (the “Master District”). Pursuant to the agreement, the Master District agreed to assume responsibility for reimbursing the developer for certain water and sanitary sewer facilities recognized as transfers to other governments in a previous fiscal year. As a result, the District has reduced the amount reported as due to developer.

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 7 – Due to Developers (continued)**

In addition, the District will owe the developers approximately \$24,461,730, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Woodson's Reserve Section 24 - utilities and paving	\$ 2,512,430	97%
Woodson's Reserve Section 25 - utilities and paving	3,132,596	90%
Woodson's Reserve Section 27 - utilities and paving	1,588,879	76%
Woodson's Reserve Lexington Boulevard and Townsen Boulevard - utilities and paving*	2,883,667	64%
Woodson's Reserve Section 30 - clearing and grubbing	140,775	63%
Waterbend Cove - utilities and paving	5,980,016	5%
Woodson's Grand Drive - utilities and paving	3,565,544	0%
Woodson's Reserve Section 28 - utilities and paving	2,637,370	0%
Townsen Boulevard - utilities and paving	639,500	0%
Woodson's Reserve Section 24 - landscaping	454,873	13%
Woodson's Reserve Section 25 - landscaping	461,476	59%
Woodson's Reserve Section 26 - landscaping	323,579	61%
Woodson's Reserve Section 27 - landscaping	141,025	0%
	<u>\$ 24,461,730</u>	
District's share of contract*		

**Note 8 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 5,000,000</u>
Due within one year	<u>\$ 100,000</u>

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 8 – Long-Term Debt (continued)**

The District's bonds payable at August 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023 Road	\$ 5,000,000	\$ 5,000,000	5.25% - 5.50%	September 1, 2025/2049	March 1, September 1	September 1, 2029

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

At August 31, 2024, the District had authorized but unissued bonds in the amount of \$124,442,000 for water, sewer and drainage facilities and \$124,442,000 for the refunding of such bonds; \$36,920,000 for parks and recreational facilities and \$36,920,000 for the refunding of such bonds, \$44,500,000 for road improvements and \$49,500,000 for the refunding of such bonds.

On October 31, 2023, the District issued its \$5,000,000 Series 2023 Unlimited Tax Road Bonds at a net effective interest rate of 5.626448%. Proceeds of the bonds were used to reimburse developers for road facilities constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$ -
Bonds issued	5,000,000
Bonds payable, end of year	<u>\$ 5,000,000</u>



**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 8 – Long-Term Debt (continued)**

The debt service payment due September 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of August 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	\$ 100,000	\$ 270,038	\$ 370,038
2026	105,000	264,788	369,788
2027	110,000	259,275	369,275
2028	115,000	253,500	368,500
2029	120,000	247,462	367,462
2030	130,000	241,162	371,162
2031	135,000	234,337	369,337
2032	140,000	227,250	367,250
2033	150,000	219,900	369,900
2034	160,000	212,025	372,025
2035	165,000	203,625	368,625
2036	175,000	194,963	369,963
2037	185,000	185,775	370,775
2038	195,000	176,063	371,063
2039	205,000	165,825	370,825
2040	220,000	154,550	374,550
2041	230,000	142,450	372,450
2042	245,000	129,800	374,800
2043	255,000	116,325	371,325
2044	270,000	102,300	372,300
2045	285,000	87,450	372,450
2046	300,000	71,775	371,775
2047	315,000	55,275	370,275
2048	335,000	37,950	372,950
2049	355,000	19,525	374,525
	<u>\$ 5,000,000</u>	<u>\$ 4,273,388</u>	<u>\$ 9,273,388</u>

**Note 9 – Property Taxes**

On May 7, 2022, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

**Montgomery County Municipal Utility District No. 152A**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 9 – Property Taxes (continued)**

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$1.10 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$281,211 on the adjusted taxable value of \$25,564,657.

**Note 10 – Transfers to Other Governments**

In accordance with an agreement between the District and Montgomery County Municipal Utility District No. 152C ('the Master District'), the District may construct and transfer certain facilities to the Master District. Additionally, Montgomery County assumes responsibility for the maintenance of public roads constructed within the unincorporated areas of the county. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended August 31, 2024, the District reported transfers to other governments in the amount of \$2,154,842 for road facilities constructed by a developer within the District.

**Note 11 – Strategic Partnership Agreement**

On January 5, 2021, the District and the City of Conroe (the "City") entered into a Strategic Partnership Agreement under which the City may annex the territory of the District for limited purposes and may by ordinance impose within the District any sales and use tax imposed by City within its full purpose boundaries. The territory of the District shall not be subject to property taxation by the City during the period of limited purpose annexation.

The District will be converted to full purpose annexation upon the earlier of the following dates (i) the time the District's has achieved 95% build out, or (ii) December 31, 2045, whichever occurs first, and the City agrees not to annex the District for full municipal purposes prior to such date. If the District is not at least 75% developed as of the later of (i) May 31, 2045, or (ii) two hundred ten (210) days prior to the full purpose annexation conversion date as defined in the agreement, the District's Board of Directors may elect to exercise a one-time (5) year extension of the date determined for full purpose annexation or the full purpose annexation conversion date.

Upon full purpose annexation the City may, subject to the limitation hereafter provided, (1) abolish the District and assume its debts and obligations or (2) continue the District as a limited district upon the terms hereinafter provided. If the District is continued as a limited district, it shall not be abolished, but shall continue to exist as a limited district until dissolved.

**Note 11 – Strategic Partnership Agreement (continued)**

The City's full purpose annexation ordinance may require that the District retain all obligation for any indebtedness of the District and continue to exist as a limited district for so long as may be necessary for the limited district to fully discharge all such indebtedness, including any landowner or developer reimbursement payments that the City would otherwise be obligated to pay upon annexation or dissolution of the District. The limited district shall continue to be known as Montgomery County Municipal Utility District No. 152A and shall continue until the City dissolves the District and may not be dissolved without the consent of the City.

**Note 12 – Interim Water Supply Service and Emergency Water Interconnect Agreement**

On July 1, 2021, the District and Montgomery County Municipal Utility District No. 105 (“MUD 105”) entered into an Interim Water Supply Service and Emergency Water Interconnect Agreement (the “Agreement”), as subsequently amended on June 7, 2022, for the purchase of interim water supply and water to be used in the event of an emergency. The District shall be responsible for the design and construction of the facilities to provide water service from the point of interconnect. MUD 105 agrees to provide the District with 274 EFSCs during the interim term, which is anticipated to expire on April 30, 2025. During this interim term, the District shall be billed monthly fees for interim water service as set forth in the Agreement. For the fiscal year ended August 31, 2024, the District was charged \$51,438 for bulk water purchases.

Upon expiration of the initial term, the districts agree the point of interconnect shall thereafter be used as an emergency water interconnection. Water supplied will be billed at a rate of \$1.75 per 1,000 gallons, plus all associated pumpage and regulatory fees. The term of the Agreement is 30 years unless terminated earlier by the parties.

**Note 13 – Master District Agreement**

On October 19, 2022, the District entered into that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities (the “Contract”) with Montgomery County Municipal Utility District No. 152B (“MUD 152B”) and Montgomery County Municipal Utility District No. 152C in its capacity as Master District (the “Master District”), whereby the Master District agrees to provide or cause to be provided water and sanitary sewer services to serve the participating districts. The term of the Contract is 50 years.

The Master District intends to finance the capital costs, as defined in the Contract, from connection charges paid by each participant, which is calculated by the then estimated total capital costs divided by the estimated total number of connections to be constructed within the service area. Participating districts shall satisfy the connection charge either by payment of money at the connection charge rate or by the transfer to the Master District of portions of the Master District facilities equal in value to the connection charge.

**Note 13 – Master District Agreement (continued)**

The Contract authorized the establishment of an operating and maintenance reserve by the Master District calculated by multiplying the cost per connection by the number of connections projected to serve the participating district for the first month of the initial budget and multiplying such product by two.

The Master District charges each participating district a monthly fee for Master District operating and maintenance expenses based on the fixed and variable costs defined in the Contract. For the fiscal year ended August 31, 2024, the District was charged \$276,519 for its pro-rata share of operating costs.

On February 15, 2023, the District entered into a First Supplemental Agreement with the Master District, which was amended and restated March 20, 2024. Pursuant to the agreement, the District agreed to finance and construct certain Master District water and sanitary sewer facilities and, following conveyance of the facilities to the Master District, the Master District will assume developer reimbursement obligations for such facilities.

On March 20, 2024, the District and the Master District entered into a Second Supplemental Agreement whereby the Master District agreed to supply the District potable water and provide capacity in the Master District's sanitary sewage system sufficient to serve 499 ESFCs. The District agrees to pay the Master District \$22,574 per connection for a total of \$11,264,581. This amount was paid subsequent to year end with proceeds from the issuance of the District's Series 2024 Unlimited Tax Bonds. See Note 15 for additional information.

**Note 14 – Risk Management**

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

**Note 15 – Subsequent Events**

On September 24, 2024, the District issued its \$14,000,000 Series 2024 Unlimited Tax Bonds at a net effective rate of 4.329137%. Proceeds of the bonds were used to pay connection charges to the Master District and to pay capitalized interest into the Debt Service Fund.

Additionally, on October 30, 2024, the District issued its \$5,075,000 Series 2024 Unlimited Tax Road Bonds at a net effective rate of 4.038264%. Proceeds from the bonds were used to reimburse the District's developers for road facilities in the District.

*(This page intentionally left blank)*

## **Required Supplementary Information**

**Montgomery County Municipal Utility District No. 152A**  
**Required Supplementary Information - Budgetary Comparison Schedule - General Fund**  
**For the Year Ended August 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Water service	\$ 100,000	\$ 143,739	\$ 43,739
Sewer service	100,000	121,989	21,989
Property taxes	274,866	281,211	6,345
Penalty and interest	6,000	17,535	11,535
Groundwater pumpage fees	20,000	67,944	47,944
Tap connection and inspection	197,020	401,350	204,330
Miscellaneous	700	11,483	10,783
Investment earnings	16,550	16,133	(417)
Total Revenues	<u>715,136</u>	<u>1,061,384</u>	<u>346,248</u>
<b>Expenditures</b>			
Current service operations			
Purchased services	371,090	404,642	(33,552)
Professional fees	142,000	167,375	(25,375)
Contracted services	290,600	350,488	(59,888)
Repairs and maintenance	21,115	122,033	(100,918)
Utilities	6,000	6,504	(504)
Administrative	33,014	31,571	1,443
Other	4,800	4,455	345
Total Expenditures	<u>868,619</u>	<u>1,087,068</u>	<u>(218,449)</u>
<b>Revenues Under Expenditures</b>	(153,483)	(25,684)	127,799
<b>Other Financing Sources</b>			
Developer advances	<u>153,483</u>		<u>(153,483)</u>
<b>Net Change in Fund Balance</b>		(25,684)	(25,684)
<b>Fund Balance</b>			
Beginning of the year	284,152	284,152	
End of the year	<u>\$ 284,152</u>	<u>\$ 258,468</u>	<u>\$ (25,684)</u>

***Montgomery County Municipal Utility District No. 152A***  
***Notes to Required Supplementary Information***  
***August 31, 2024***

**Budgets and Budgetary Accounting**

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



*(This page intentionally left blank)*

## **Texas Supplementary Information**

**Montgomery County Municipal Utility District No. 152A**  
**TSI-1. Services and Rates**  
**August 31, 2024**

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

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Solid Waste/Garbage	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Roads	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)			
<input type="checkbox"/> Other (Specify): _____			

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 23.65	6,000	N	\$ 2.76	6,001 to 10,000
				\$ 3.94	10,001 to 15,000
				\$ 5.12	15,001 to 20,000
				\$ 6.30	20,001 to 30,000
				\$ 7.88	30,000 to no limit
Wastewater:	\$ 70.00		Y		to
SJRA Fee*:	\$ 3.17	1,000	N	\$ 3.17	1,000 to no limit
LSGCD Fee**:	\$ 0.094	1,000	N	\$ 0.094	1,000 to no limit

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

Total charges per 10,000 gallons usage:

Water \$ 67.33 Wastewater \$ 70.00

\* San Jacinto River Authority fee

\*\*Lone Star Groundwater Conservation District fee

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	200	196	x 1.0	196
1"	157	156	x 2.5	390
1.5"			x 5.0	
2"	5	5	x 8.0	40
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	363	358		651
Total Wastewater	345	345	x 1.0	345

See accompanying auditor's report.

**Montgomery County Municipal Utility District No. 152A**  
**TSI-1. Services and Rates**  
**August 31, 2024**

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

*Gallons purchased:	<u>23,815,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>21,135,000</u>	(Gallons billed / Gallons purchased)
		<u>88.75%</u>

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which the District is located: \_\_\_\_\_

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Conroe

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? \_\_\_\_\_

\*Purchased from Montgomery County Municipal Utility District No. 105

See accompanying auditor's report.

**Montgomery County Municipal Utility District No. 152A**  
**TSI-2 General Fund Expenditures**  
**For the Year Ended August 31, 2024**

Purchased services	<u>\$ 404,642</u>
Professional fees	
Legal	106,508
Audit	13,500
Engineering	47,367
	<u>167,375</u>
Contracted services	
Bookkeeping	37,243
Operator	24,597
Garbage collection	18,244
Tap connection and inspection	259,634
Appraisal district fees	2,770
Tax collection fees	8,000
	<u>350,488</u>
Repairs and maintenance	<u>122,033</u>
Utilities	<u>6,504</u>
Administrative	
Directors fees	8,840
Printing and office supplies	9,661
Insurance	3,024
Other	10,046
	<u>31,571</u>
Other	<u>4,455</u>
Total expenditures	<u><u>\$ 1,087,068</u></u>

See accompanying auditor's report.

*Montgomery County Municipal Utility District No. 152A*  
*TSI-3. Investments*  
*August 31, 2024*

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	<u>\$      339,045</u>
Debt Service			
Texas CLASS	Variable	N/A	<u>          336,309</u>
Total - All Funds			<u><u>\$      675,354</u></u>

See accompanying auditor's report.

**Montgomery County Municipal Utility District No. 152A**  
**TSI-4. Taxes Levied and Receivable**  
**August 31, 2024**

		Maintenance Taxes
Taxes Receivable, Beginning of Year	\$	-
2023 Original Tax Levy		281,211
Tax collections:		
Current year		281,211
Taxes Receivable, End of Year	\$	-
	2023	2022
Property Valuations:		
Land	\$ 30,803,202	\$ 6,416,147
Improvements	4,326,310	
Personal Property	75,065	
Exemptions	(9,639,920)	(2,651,220)
Total Property Valuations	\$ 25,564,657	\$ 3,764,927
Tax Rates per \$100 Valuation:		
Maintenance tax rates	\$ 1.10	\$ 1.10
Adjusted Tax Levy:	\$ 281,211	\$ 41,414
Percentage of Taxes Collected to Taxes Levied **	100.00%	100.00%

\* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 7, 2022

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

*Montgomery County Municipal Utility District No. 152A*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2023 Road--by Years*  
*August 31, 2024*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 100,000	\$ 270,038	\$ 370,038
2026	105,000	264,788	369,788
2027	110,000	259,275	369,275
2028	115,000	253,500	368,500
2029	120,000	247,462	367,462
2030	130,000	241,162	371,162
2031	135,000	234,337	369,337
2032	140,000	227,250	367,250
2033	150,000	219,900	369,900
2034	160,000	212,025	372,025
2035	165,000	203,625	368,625
2036	175,000	194,963	369,963
2037	185,000	185,775	370,775
2038	195,000	176,063	371,063
2039	205,000	165,825	370,825
2040	220,000	154,550	374,550
2041	230,000	142,450	372,450
2042	245,000	129,800	374,800
2043	255,000	116,325	371,325
2044	270,000	102,300	372,300
2045	285,000	87,450	372,450
2046	300,000	71,775	371,775
2047	315,000	55,275	370,275
2048	335,000	37,950	372,950
2049	355,000	19,525	374,525
	<u>\$ 5,000,000</u>	<u>\$ 4,273,388</u>	<u>\$ 9,273,388</u>

See accompanying auditor's report.



**Montgomery County Municipal Utility District No. 152A**  
**TSI-6. Change in Long-Term Bonded Debt**  
**August 31, 2024**

	Bond Issue Series 2023 Road
Interest rate	5.25% - 5.50%
Dates interest payable	3/1 ; 9/1
Maturity dates	9/1/25 - 9/1/49
Beginning bonds outstanding	\$ -
Bonds issued	5,000,000
Ending bonds outstanding	\$ 5,000,000
Interest paid during fiscal year	\$ 225,781

Paying agent's name and city Series 2023 Road	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
--	--

	Water, Sewer and Drainage Bonds	Parks and Recreation Bonds	Road Improvements Bonds	Water, Sewer and Drainage Refunding Bonds
Bond Authority:				
Amount Authorized by Voters	\$ 124,442,000	\$ 36,920,000	\$ 49,500,000	\$ 124,442,000
Amount Issued			(5,000,000)	
Remaining To Be Issued	\$ 124,442,000	\$ 36,920,000	\$ 44,500,000	\$ 124,442,000

	Parks and Recreation Refunding Bonds	Road Refunding Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 36,920,000	\$ 49,500,000
Amount Issued		
Remaining To Be Issued	\$ 36,920,000	\$ 49,500,000

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

Debt Service Fund cash and investments balance as of August 31, 2024:	\$ 336,309
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 370,936

See accompanying auditor's report.

*(This page intentionally left blank)*

**Montgomery County Municipal Utility District No. 152A**

**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund  
For the Last Five Fiscal Years**

	Amounts				
	2024	2023	2022	2021**	2020**
Revenues					
Water service	\$ 143,739	\$ 35,781	\$ -	\$ -	\$ -
Sewer service	121,989	16,105			
Property taxes	281,211	41,414			
Penalties and interest	17,535	7,038			
Groundwater pumpage fees	67,944	16,399			
Tap connection and inspection	401,350	166,685			
Miscellaneous	11,483	75			
Investment earnings	16,133	21,480	1	5	9
Total Revenues	1,061,384	304,977	1	5	9
Expenditures					
Current service operations					
Purchased services	404,642	308,472	9,826		6,207
Professional fees	167,375	142,472	248,019	69,974	4,248
Contracted services	350,488	257,327	19,381	5,755	
Repairs and maintenance	122,033	70,391			
Utilities	6,504	1,557			
Administrative	31,571	15,585	15,811	8,648	4,579
Other	4,455	4,663	11,407	1,515	198
Capital outlay			782,250		
Total Expenditures	1,087,068	800,467	1,086,694	85,892	15,232
Revenues Under Expenditures	\$ (25,684)	\$ (495,490)	\$ (1,086,693)	\$ (85,887)	\$ (15,223)
Total Active Retail Water Connections	358	133	N/A	N/A	N/A
Total Active Retail Wastewater Connections	345	121	N/A	N/A	N/A

\*Percentage is negligible

\*\*Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021**	2020**
14%	12%	-%	-%	-%
11%	5%	-	-	-
26%	14%	-	-	-
2%	2%	-	-	-
6%	5%	-	-	-
38%	55%	-	-	-
1%	*	-	-	-
2%	7%	-	-	-
100%	100%	-	-	-
38%	101%	-	-	-
16%	47%	-	-	-
33%	84%	-	-	-
11%	23%	-	-	-
1%	1%	-	-	-
3%	5%	-	-	-
*	2%	-	-	-
102%	263%	-	-	-
(2%)	(163%)	-%	-%	-%

*Montgomery County Municipal Utility District No. 152A*  
*TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund*  
*For the Current Fiscal Year*

	Amounts	Percent of Fund Total Revenues
	2024	2024
Revenues		
Investment earnings	\$ 22,765	100%
Expenditures		
Debt service		
Interest and fees	226,531	995%
Revenues Under Expenditures	\$ (203,766)	(895%)

See accompanying auditor's report.

**Montgomery County Municipal Utility District No. 152A**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended August 31, 2024**

Complete District Mailing Address: 1300 Post Oak Blvd., Suite 2400, Houston, TX 77056  
District Business Telephone Number: (713) 632-4531  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): May 15, 2024  
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Justin Cox	5/22 - 5/26	\$ 1,768	\$ -	President
Wesley Hightower	5/22 - 5/26	1,547		Vice President
Stanton Brown	5/24 - 5/28	2,210	100	Secretary
Peter Selber	5/24 - 5/28	1,547		Assistant Secretary
Tori Farrell	5/24 - 5/28	1,768	75	Assistant Secretary
<b>Consultants</b>				
Schwartz, Page & Harding, L.L.P.	2018	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 115,809		
<i>Bond counsel</i>		135,917		
Municipal District Services, LLC	2021	382,046		Operator
Municipal Operations & Consulting, Inc.	2018	31,035		Bookkeeper
Bob Leared Interests, Inc.	2018	8,000		Tax Collector
Montgomery Central Appraisal District	Legislation	2,770		Property Valuation
Quiddity Engineering, LLC	2018	63,230		Engineer
Pape-Dawson Engineers, LLC	2024	7,969		Engineer
McGrath & Co., PLLC	2022	22,250		Auditor
Masterson Advisors LLC	2022	106,027		Financial Advisor
Costello, Inc.	2021	10,840		Former Engineer

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

See accompanying auditor's report.

## **APPENDIX B**

### **Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

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.



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

Form 500 (8/24)