

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
(Montgomery County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: OCTOBER 9, 2025

\$3,600,000
UNLIMITED TAX BONDS
SERIES 2025

BIDS TO BE SUBMITTED: 9:00 A.M., CENTRAL TIME
THURSDAY, NOVEMBER 13, 2025

BONDS TO BE AWARDED: 11:00 A.M., CENTRAL TIME
THURSDAY, NOVEMBER 13, 2025



Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 9, 2025

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (defined herein). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (defined herein).

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE “TAX MATTERS” HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds will be designated “qualified tax-exempt obligations” for financial institutions.

NEW ISSUE - Book-Entry-Only

Moody’s Investors Service, Inc. (Underlying)... “Baa2”

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

(A Political Subdivision of the State of Texas, located within Montgomery County)

\$3,600,000

UNLIMITED TAX BONDS

SERIES 2025

Dated: December 1, 2025

Interest Accrues From: Date of Delivery

Due: March 1, as shown on inside cover page

The \$3,600,000 Montgomery County Municipal Utility District No. 90 Unlimited Tax Bonds, Series 2025 (the “Bonds”), are obligations of Montgomery County Municipal Utility District No. 90 (the “District”) and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as the initial paying agent/registrar (the “Paying Agent/Registrar”) for the Bonds. Interest on the Bonds accrues from the initial date of delivery (on or about December 17, 2025) (the “Date of Delivery”), and is payable March 1, 2026, and on each September 1 and March 1 (each an “Interest Payment Date”) thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners (“Registered Owners”) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the “Record Date”). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS” on inside cover.

The Bonds, when issued, will constitute valid and 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. Investment in the Bonds is subject to certain investment decisions as described herein. See “INVESTMENT CONSIDERATIONS.”

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the “Initial Purchaser”) are subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 17, 2025.

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

\$3,600,000 Unlimited Tax Bonds, Series 2025

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ____ (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ____ (b)
2026	\$160,000	____%	____%	_____	2036 (c)	\$175,000	____%	____%	_____
2027	115,000	____%	____%	_____	2037 (c)	185,000	____%	____%	_____
2028	120,000	____%	____%	_____	2038 (c)	195,000	____%	____%	_____
2029	125,000	____%	____%	_____	2039 (c)	200,000	____%	____%	_____
2030	130,000	____%	____%	_____	2040 (c)	210,000	____%	____%	_____
2031 (c)	140,000	____%	____%	_____	2041 (c)	220,000	____%	____%	_____
2032 (c)	145,000	____%	____%	_____	2042 (c)	235,000	____%	____%	_____
2033 (c)	150,000	____%	____%	_____	2043 (c)	245,000	____%	____%	_____
2034 (c)	160,000	____%	____%	_____	2044 (c)	255,000	____%	____%	_____
2035 (c)	165,000	____%	____%	_____	2045 (c)	270,000	____%	____%	_____

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on March 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on March 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds." If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Initial Purchaser, such Term Bonds will be subject to mandatory sinking fund redemption and will be described in the final Official Statement.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission ("SEC"), as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the Issuer as of its date except for the omission of no more than information permitted by SEC Rule 15c2-12.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in SEC Rule 15c2-12.

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 or the Initial Purchaser.

All of the summaries of the statutes, resolutions, orders, contracts, audits, 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 Bond Counsel, for further information.

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

The Financial Advisor (defined herein) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility 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.

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. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating of Official Statement."

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 any purposes.

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APPENDIX A - FINANCIAL STATEMENTS
OF THE DISTRICT

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, resulting in the lowest net effective interest rate which was tendered by _____ (referred to herein as the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown on the inside cover at a price of _____% of the par value thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE AND RATING

The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. **THE PURCHASE OF SUCH INSURANCE IS MANDATORY, and the payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, will be at the expense of the Initial Purchaser.** Moody's has assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. Furthermore, there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, 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. The fees charged by Moody's for the underlying credit rating will be paid by the District.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Montgomery County Municipal Utility District No. 90 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
The Issue	The \$3,600,000 Unlimited Tax Bonds, Series 2025 (the "Bonds") are dated December 1, 2025 (the "Dated Date"), and interest accrues from the initial date of delivery (on or about December 17, 2025) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable March 1, 2026, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one maturity. See "THE BONDS."
Redemption of the Bonds.....	The Bonds maturing on or after March 1, 2031 are subject to redemption, in whole or from time to time in part, at the option of the District, on March 1, 2030, and any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption of the Bonds."
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as the initial paying agent/registrar (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	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 against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District. See "THE BONDS – Source and Security for Payment."
Use of Proceeds	Proceeds from the sale of the Bonds will be used to pay for the improvements and related costs shown under "THE BONDS – Estimated Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will be used to pay developer interest, and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Estimated Use and Distribution of Bond Proceeds."
Qualified Tax-Exempt Obligations	The Bonds will be designated "qualified tax-exempt obligations" for financial institutions.
Municipal Bond Insurance and Rating	The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. THE PURCHASE OF SUCH INSURANCE IS MANDATORY, and the payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, will be at the expense of the Initial Purchaser. Moody's has assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. Furthermore, there is no assurance that such rating will continue for any given period of time

or that it will not be revised downward or withdrawn entirely by Moody's, 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. The fees charged by Moody's for the underlying credit rating will be paid by the District. See "MUNICIPAL BOND INSURANCE AND RATING."

Payment Record.....	The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.
Previously Issued Bonds	The District has previously issued five (5) series of unlimited tax bonds for the purpose of acquiring, constructing, owning, operating, repairing, improving or extending the water, sanitary sewer and drainage facilities to serve the District, as well as two (2) series of unlimited tax bonds for refunding purposes. As of the Date of Delivery, \$10,760,000 principal amount of such prior indebtedness remains outstanding (the "Outstanding Bonds").
Authority for Issuance.....	At a bond election held within the District on September 14, 2002, the voters authorized the issuance of \$33,000,000 of principal amount of unlimited tax bonds for water, wastewater and drainage facilities and \$21,450,000 of principal amount for the refunding of such bonds. After the issuance of the Bonds, \$13,440,000 in principal amount of unlimited tax bonds for water, wastewater and drainage facilities will remain authorized but unissued and \$21,101,033.62 in principal amount for the refunding of such bonds remains authorized but unissued. The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and the order of the TCEQ (the "Order"). See "THE BONDS – Authority for Issuance."
Legal Opinion	Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Houston, Texas.
Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

Description.....	The District was created by the Texas Commission on Environmental Quality (the "TCEQ") on March 14, 2002, for the purpose of providing, operating, and maintaining water distribution, wastewater collection and storm drainage facilities to serve the land within the District. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to Article XVI, Section 59 of the Texas Constitution. The District contains approximately 933.3 acres and is located entirely within Montgomery County and the corporate boundaries of the City of Conroe. See "THE DISTRICT – General."
Location.....	The District is located north of the intersection of Creighton Road and Kidd Road and is bordered to the north by Loop 336 and to the south by Creighton Road, immediately east of I-45. See "THE DISTRICT – Location."
Utility Agreement with the City of Conroe.....	The District operates pursuant to a Utility Functions and Services Allocation Agreement between the City and the District dated as of November 20, 2000 as amended by the First Amendment to the Utility Functions and Services Allocation Agreement dated as of October 14, 2004 (collectively, the "Utility Agreement").

Pursuant to the Utility Agreement, the City consented to the creation of the District within the city limits of the City, the District assumed responsibility for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution, wastewater collection and drainage facilities to serve development occurring within the boundaries of the District (the "Facilities") and the City agreed to accept the Facilities for operation and maintenance in consideration for the District's financing, acquisition and construction of the Facilities.

The City agrees to charge residents of the District the same water and wastewater rates that the City charges in other parts of the City.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities. Before the District is authorized to issue bonds, the District must provide the City with a copy of the TCEQ order authorizing issuance of the bonds and such order must provide that under the TCEQ's rules governing the issuance of bonds it is feasible to sell the bonds at a District tax rate that does not exceed \$0.60 per \$100 in valuation. The Utility Agreement expressly provides that such condition is not a limitation on the District's authority to levy an unlimited tax and that the District's bonds are secured by a pledge of the proceeds of an ad valorem tax without limit as to rate or amount.

The Utility Agreement provides that the City pays an annual rebate to the District. The annual rebate is equal to the total assessed value in the District for a given year multiplied by the portion of the City's tax rate that is attributable to water, sewer or drainage facilities. The annual rebate payment is to be deposited in the District's debt service fund. For the 2024 tax year, the annual rebate was \$19,103.

The Developers Bradbury Development, Ltd. ("Bradbury"), a Texas limited partnership whose general partner is Mountain Beach Corporation, a British Virgin Islands Corporation ("Mountain Beach"), is the principal developer of Stewart's Forest. Bradbury or related entities were responsible for development of the common infrastructure to serve Stewart's Forest, including the entry boulevard, entry monumentation and landscaping, off-site drainage channels, off-site sanitary, storm lines and recreational amenities. Individual subdivisions in the District have been purchased from Bradbury or related entities and were developed by various developers. See "THE DEVELOPERS" and "DEVELOPMENT WITHIN THE DISTRICT."

Bradbury and the other developers of Stewart's Forest have contracted with Aurous Development Services, Ltd., a Texas limited partnership ("Aurous") to provide development management services pertaining to their respective sections.

Meritage Homes ("Meritage"), a subsidiary of Meritage Homes Corporation which is publicly traded on the New York Stock Exchange, purchased approximately 72 acres in the District in 2021 and the District as enter into a development financing agreement with Meritage to reimbursement the design and construction of water, sewer and drainage facilities to serve the 72 acres on the District's standard terms and conditions (including approval of a bond sale by the TCEQ). The 72 acres is being developed as Stewart's Ranch.

Bradbury and Meritage are herein collectively referred to as the "Developers."

Development within the District At creation, the District consisted of approximately 653 acres. In August 2006, the District annexed an additional 280.3 acres, for a total acreage of 933.3 currently in the District. Currently, development has occurred on approximately 208.90 acres (650 lots) within the subdivisions of Stewart's Forest, Sections 1 through 10 and approximately 71.88 acres (229 lots) within the subdivisions of Stewart's Ranch, Sections 1 and 2. A church encompasses approximately 5.06 acres and an elementary school encompasses approximately 15.02 acres. There are approximately 421.19 undeveloped but developable acres and approximately 210.71 undevelopable acres remaining within the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders The active homebuilders within the District are Meritage Homes and Sitterle Homes. Prices of new homes being constructed within the District range start at \$325,000. SEE "DEVELOPMENT WITHIN THE DISTRICT - Homebuilders/Lot Sales Contracts."

INVESTMENT CONSIDERATION

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

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**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Certified Taxable Assessed Valuation.....	\$	282,358,018	(a)
Direct Debt:			
The Outstanding Bonds.....	\$	10,760,000	
The Bonds	\$	<u>3,600,000</u>	
Total	\$	14,360,000	
Estimated Overlapping Debt	\$	<u>22,809,111</u>	(b)
Total Direct and Estimated Overlapping Debt	\$	<u>37,169,111</u>	
Direct Debt Ratios:			
As a percentage of 2025 Certified Taxable Assessed Valuation		5.09	%
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of 2025 Certified Taxable Assessed Valuation.....		13.16	%
Debt Service Fund Balance (as of October 9, 2025)	\$	644,636	(c)
General Fund Balance (as of October 9, 2025).....	\$	1,032,051	
Capital Project Fund Balance (as of October 9, 2025).....	\$	249,617	
2025 Tax Rate per \$100 of Assessed Taxable Valuation			
Debt Service.....	\$	0.35	
Maintenance and Operations	\$	<u>0.20</u>	
Total.....	\$	0.55	
Estimated Average Annual Debt Service Requirements on the Bonds (2026-2045)	\$	1,041,940	
Estimated Maximum Annual Debt Service Requirements on the Bonds (2027)	\$	1,170,288	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Estimated Average Annual Debt Service Requirements on the Bonds (2026-2045) at 95% Tax Collections Based Upon 2025 Certified Taxable Assessed Valuation (\$282,358,018).....	\$	0.43	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds (2027) at 95% Tax Collections Based Upon 2025 Certified Taxable Assessed Valuation (\$282,358,018).....	\$	0.48	
Number of Single-Family Homes (including 19 homes in various stages of construction) as of October 9, 2025		803	

- (a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2025. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. See "TAX DATA" and "TAXING PROCEDURES."
- (b) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."
- (c) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Debt Service Fund. Funds in the Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, wastewater, and drainage facilities (e.g., the Bonds).

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

\$3,600,000 UNLIMITED TAX BONDS SERIES 2025

INTRODUCTION

This Official Statement of Montgomery County Municipal Utility District No. 90 (the “District”) is provided to furnish information with respect to the issuance by the District of its \$3,600,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”). The Bonds are issued by the District pursuant to an election held within the District and to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and the TCEQ Order.

There follows in this Official Statement descriptions of the Bonds, the Developer (herein defined), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated December 1, 2025 (the “Dated Date”). The Bonds will accrue interest from the initial date of delivery (on or about December 17, 2025) (the “Date of Delivery”), with interest payable March 1, 2026, and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. The Bonds are fully-registered serial bonds maturing on March 1 of the years shown under “PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS” on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the “Registered Owners”) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the “Record Date”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities 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.

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 purchase 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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 Issue 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).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 District or the Paying Agent/Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in the 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 thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor paying agent/registrar, and the successor paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor paying agent/registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the paying agent/registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Bonds maturing on March 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on March 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At a bond election held within the District on September 14, 2002, the voters authorized the issuance of \$33,000,000 of principal amount of unlimited tax bonds for water, wastewater and drainage facilities and \$21,450,000 of principal amount for the refunding of such bonds. Following the issuance of the Bonds, \$13,440,000 principal amount in principal amount of unlimited tax bonds for water, wastewater and drainage facilities will remain authorized but unissued.

The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and the TCEQ Order.

Source of 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 "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any political subdivision or entity other than the District.

Funds

The Bond Resolution confirms the District's fund for payment of debt service on the Bonds and any additional unlimited tax bonds that the District may hereafter issue for the System (the "Debt Service Fund"). The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, and any additional unlimited tax bonds issued by the District for the System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the System that are payable in whole or in part from taxes.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$33,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities and could authorize additional amounts and \$21,450,000 of unlimited tax refunding bonds. After the issuance of the Bonds, the District will have \$13,440,000 principal amount of unlimited tax bonds authorized but unissued for said improvements and facilities and \$21,101,033.62 of unlimited tax refunding bonds remaining authorized and unissued.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS – Future Debt."

The District is currently authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) authorization of park bonds by the qualified voters in the District; (b) preparation of a detailed park plan; (c) approval of the park bond application for the issuance of bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance. The District is not considering calling a park bond election at this time.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance; unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the 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 of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Dissolution by the City

Under existing Texas law, because the District lies wholly within the corporate limits of the City, the District may be dissolved by the City without the District's consent, subject to the terms and conditions of the Utility Functions and Services Allocation Agreement between the District and the City. If the District is dissolved, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days. Dissolution of the District is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that dissolution will or will not occur or that the City will be able to make debt service payments on the

Bonds if the District were dissolved. See "THE DISTRICT - Utility Agreement with the City" herein.

Dissolution of the District is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that dissolution will or will not occur or that the City will be able to make debt service payments on the Bonds if the District were dissolved. See "THE DISTRICT - Utility Agreement with the City" herein.

Consolidation

The District has the legal authority to consolidate with other 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.

No Arbitrage

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt 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.

Registered Owners’ Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payments of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

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Estimated Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to pay for the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay developer interest, and other certain costs associated with the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor.

	<u>Amount</u>
<u>CONSTRUCTION COSTS</u>	
A. Developer Contribution Items	
1. Stewart's Ranch Section 1	\$ 1,163,962
2. Engineering (Item 1)	<u>244,802</u>
Subtotal	\$ 1,408,764
 B. District Items	
1. Land Acquisition Detention Pond for 278-Acre Site	\$ 1,400,224
2. Engineering drainage improvements for the 278-Acre site	371,959
3. Preliminary Engineering and Environmental Consultation	45,002
4. Special Engineering Report for the 278-Acre Mixed Use Site	<u>104,267</u>
Total District Items	\$ 1,921,452
 TOTAL CONSTRUCTION COSTS	 \$ 3,330,216
Net Surplus Fund	<u>\$ (449,850)</u>
Net Total Construction Costs	\$ 2,880,366
 <u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 105,000
B. Fiscal Agent Fees	72,000
C. Interest Costs	
1. Developer Interest	316,676
D. Bond Discount (3.00%)	108,000
E. Bond Issuance Expenses	45,358
F. Bond Application Report Cost	60,000
G. Attorney General Fee (0.10%)	3,600
H. TCEQ Bond Issuance Fee (0.25%)	<u>9,000</u>
TOTAL NON-CONSTRUCTION COSTS	 \$ 719,634
 TOTAL BOND ISSUE REQUIREMENT	 <u>\$ 3,600,000</u>

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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THE DISTRICT

Authority

The District was created by Order of the Texas Natural Resource Conversation Commission which preceded the Texas Commission on Environmental Quality (the "TCEQ") on March 14, 2002, for the purpose of providing, operating, and maintaining water distribution, wastewater collection and storm drainage facilities to serve the land within the District. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to Article XVI, Section 59 of the Texas Constitution.

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

Description

The District contains approximately 933.3 acres and is located entirely within Montgomery County and the corporate boundaries of the City of Conroe. At the time of creation, the District encompasses approximately 653.0 acres. The District has since annexed 280.30 acres on August 10, 2006. The District is located north of the intersection of Creighton Road and Kidd Road and is bordered to the north by Loop 336 and to the south by Creighton Road, immediately east of I-45.

Management of the District

The District is governed by the Board consisting of five (5) directors, who have control over and management supervision of all affairs of the District. All of the Directors own property in the District. The directors serve four-year staggered terms. Elections are held in even numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Tim Kurtin	President	2026
Richard Fisher	Vice President	2026
Perri D'Armond	Secretary	2028
Vacant	Assistant Vice President	2026
Danny Golden	Assistant Secretary	2028

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Tax Assessor/Collector: Land and improvements in the District are being appraised by the Montgomery Central Appraisal District. The Tax Assessor/Collector for the district is Bob Leared Interests. The Tax Assessor/Collector is appointed by the Board of Directors of the District.

Bookkeeper: The District contracts with Myrtle Cruz Inc. as Bookkeeper for the District.

Engineer: The District's consulting engineer is Pape-Dawson Consulting Engineers, LLC (the "Engineer").

Auditor: The District is required by the TCEQ to prepare and file annual audited financial statements. The District's financial statements as of September 30, 2024, and for the years then ended, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC (the "Auditor"); independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2024, audited financial statements.

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

Financial Advisor: Robert W. Baird & Co. Incorporated serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of bonds (such as the Bonds) is based on the percentage of bonds actually issued, sold, and delivered, and, therefore, such fee is contingent upon the sale and delivery of bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Bond & General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as the District's general counsel.

Utility Agreement with the City

The District operates pursuant to a Utility Functions and Services Allocation Agreement between the City and the District, dated as of November 20, 2000, as amended by the First Amendment to the Utility Functions and Services Allocation Agreement, dated as of October 14, 2004 (collectively, the "Utility Agreement"). Pursuant to the Utility Agreement, the City consented to the creation of the District within the city limits of the City, the District assumed responsibility for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution, wastewater collection and drainage facilities to serve development occurring within the boundaries of the District (the "Facilities") and the City agreed to accept the Facilities for operation and maintenance in consideration for the District's financing, acquisition and construction of the Facilities. The City agrees to charge residents of the District the same water and wastewater rates that the City charges in other parts of the City.

The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City's requirements and criteria. The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity without capital charges of any kind.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities. Before the District is authorized to issue bonds, the District must provide the City with a copy of the TCEQ order authorizing issuance of the bonds and such order must provide that under the TCEQ's rules governing the issuance of bonds it is feasible to sell the bonds at a District tax rate that does not exceed \$0.60 per \$100 in assessed valuation. The Utility Agreement expressly provides that such condition is not a limitation on the District's authority to levy an unlimited tax and that the District's bonds are secured by a pledge of the proceeds of an ad valorem tax without limit as to rate or amount.

The Utility Agreement provides that the City pays an annual rebate to the District. The annual rebate is equal to the total assessed value in the District for a given year multiplied by the portion of the City's tax rate that is attributable to water, sewer or drainage facilities. The annual rebate payment is to be deposited in the District's debt service fund. For the 2025 tax year, the annual rebate was \$19,103.

The City's right to dissolve the District is restricted under the Utility Agreement. Under the terms of the Utility Agreement, the City agrees that it will not dissolve the District until ninety percent of the District's Facilities have been developed and the developers advancing funds to construct the Facilities have been reimbursed.

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

Currently, development within the District has occurred on approximately 208.90 acres (650 lots) within the subdivisions of Stewart's Forest, Sections 1 through 10 and approximately 71.88 acres (229 lots) within the subdivisions of Stewart's Ranch, Sections 1 and 2.

As of October 9, 2025, Stewart's Forest was comprised of 647 completed homes (645 occupied, 1 unoccupied, and 1 model home), 0 home under construction, and approximately 3 vacant developed lots and Stewart's Ranch was comprised of 137 completed homes (116 occupied, 20 unoccupied, and 1 model home), 19 homes under construction, and approximately 73 vacant developed lots.

A church encompasses approximately 5.06 acres and an elementary school encompasses approximately 15.02 acres. There are approximately 421.19 undeveloped but developable acres and approximately 210.71 undevelopable acres remaining within the District.

The following is a status of construction of single-family housing within the District as of October 9, 2025:

Section	Acreage	No. of Lots	Homes		Vacant Lots
			Complete	Under Construction	
Stewart's Forest					
Section 1	28.33	28	28	0	0
Section 1A	2.97	4	1	0	3
Section 2	25.25	75	75	0	0
Section 3	29.84	139	139	0	0
Section 4	20.30	76	76	0	0
Section 5	15.74	65	65	0	0
Section 6	16.71	55	55	0	0
Section 7	15.56	56	56	0	0
Section 8	20.83	64	64	0	0
Section 9	30.11	80	80	0	0
Section 10	2.38	8	8	0	0
Stewart's Ranch					
Section 1	30.32	129	123	0	6
Section 2	41.56	100	14	19	67
Total	<u>280.78 (a)</u>	<u>879</u>	<u>784</u>	<u>19</u>	<u>76</u>
Elementary School Site	15.00				
Church	5.63				
Developable Acreage	421.19				
Remaining Undevelopable Acreage (Roads, Parks, Row)	<u>210.71</u>				
Total District Acreage	<u>933.30</u>				

(a) Includes approximately 0.88 acres of streets.

Homebuilders

The active homebuilders within the District are Meritage Homes and Sitterle Homes. Prices of new homes being constructed within the District range start at \$325,000.

THE DEVELOPERS

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developer, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property. The entities described below are defined collectively as the "Developer."

Neither the Developers, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers or its affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Developers

Bradbury Development, Ltd. ("Bradbury") a Texas limited partnership whose general partner is Mountain Beach Corporation, a British Virgin Islands Corporation, ("Mountain Beach"), is the principal developer of Stewart's Forest. Bradbury or related entities were responsible for development of the common infrastructure to serve Stewart's Forest, including the entry boulevard, entry monumentation and landscaping, off-site drainage channels, off-site sanitary, storm lines and recreational amenities. Individual subdivisions in the District have been purchased from Bradbury or related entities and were developed by various developers. Bradbury and the other developers of Stewart's Forest have contracted with Aurous Development Services, Ltd., a Texas limited partnership, ("Aurous") to provide development management services pertaining to their respective sections.

Additionally, the developer of approximately 72 acres of land in the District is Meritage Homes ("Meritage"), a subsidiary of Meritage Homes Corporation, which is publicly traded company on the New York Stock Exchange. Audited financial statements for Meritage can be found online at <https://investors.meritagehomes.com/financial-information/annual-reports>. Meritage is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by Meritage can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Meritage purchased approximately 72 acres in the District in 2021 and the District entered into a development financing agreement with Meritage to reimbursement the design and construction of water, sewer and drainage facilities to serve the 72 acres on the District's standard terms and conditions (including approval of a bond sale by the TCEQ). The 72 acres is being developed as Stewart's Ranch.

Bradbury and Meritage are herein collectively referred to as the "Developers."

Utility Construction Agreements

The District is a party to agreements for the construction and purchase of facilities and reimbursement for costs and amendment thereto with each of the Developers, which define the conditions under which the District will issue additional bonds to reimburse such entity for the water, wastewater and drainage facilities within and outside the District. Under the terms of the agreements, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District's obligation to issue bonds and reimburse the entity for funds advanced for facilities is subject to various conditions including approval of such facilities and bonds by the TCEQ and the Texas Attorney General the recommendation of the District's financial advisor that the sale of the bonds is feasible and prudent.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2025)



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the principal requirements and estimated interest requirements for the Bonds, assuming the Bonds are issued at an interest rate of 4.75%.

Calendar Year	Outstanding Debt Service	The Bonds			Total Outstanding Debt Service
		Principal	Interest	Debt Service	
2026	\$ 890,419	\$ 160,000	\$ 116,850	\$ 276,850	\$ 1,167,269
2027	894,619	115,000	160,669	275,669	1,170,288
2028	749,806	120,000	155,088	275,088	1,024,894
2029	751,056	125,000	149,269	274,269	1,025,325
2030	747,019	130,000	143,213	273,213	1,020,231
2031	747,694	140,000	136,800	276,800	1,024,494
2032	747,900	145,000	130,031	275,031	1,022,931
2033	747,656	150,000	123,025	273,025	1,020,681
2034	748,516	160,000	115,663	275,663	1,024,178
2035	747,688	165,000	107,944	272,944	1,020,631
2036	743,638	175,000	99,869	274,869	1,018,506
2037	748,400	185,000	91,319	276,319	1,024,719
2038	746,800	195,000	82,294	277,294	1,024,094
2039	754,200	200,000	72,913	272,913	1,027,113
2040	755,500	210,000	63,175	273,175	1,028,675
2041	755,800	220,000	52,963	272,963	1,028,763
2042	760,000	235,000	42,156	277,156	1,037,156
2043	763,000	245,000	30,756	275,756	1,038,756
2044	769,700	255,000	18,881	273,881	1,043,581
2045	770,100	270,000	6,413	276,413	1,046,513
Total (a)	\$ 15,339,509	\$ 3,600,000	\$ 1,899,288	\$ 5,499,288	\$ 20,838,797

(a) Totals may not sum due to rounding.

Estimated Average Annual Debt Service Requirements on the Bonds (2026-2045)	\$ 1,041,940
Estimated Maximum Annual Debt Service Requirements on the Bonds (2027)	\$ 1,170,288

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Bonded Indebtedness

2025 Certified Taxable Assessed Valuation.....	\$ 282,358,018	(a)
Direct Debt:		
The Outstanding Bonds.....	\$ 10,760,000	
The Bonds	<u>\$ 3,600,000</u>	
Total	\$ 14,360,000	
Estimated Overlapping Debt	<u>\$ 22,809,111</u>	(b)
Total Direct and Estimated Overlapping Debt	<u>\$ 37,169,111</u>	
Direct Debt Ratios:		
As a percentage of 2025 Certified Taxable Assessed Valuation	5.09 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2025 Certified Taxable Assessed Valuation.....	13.16 %	
Debt Service Fund Balance (as of October 9, 2025)	\$ 644,636	(c)
General Fund Balance (as of October 9, 2025).....	\$ 1,032,051	
Capital Project Fund Balance (as of October 9, 2025).....	\$ 249,617	
2025 Tax Rate per \$100 of Assessed Taxable Valuation		
Debt Service.....	\$ 0.35	
Maintenance and Operations	<u>\$ 0.20</u>	
Total.....	\$ 0.55	
Estimated Average Annual Debt Service Requirements on the Bonds (2026-2045)	\$ 1,041,940	
Estimated Maximum Annual Debt Service Requirements on the Bonds (2027)	\$ 1,170,288	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Estimated Average Annual Debt Service Requirements on the Bonds (2026-2045) at 95% Tax Collections Based Upon 2025 Certified Taxable Assessed Valuation (\$282,358,018).....	\$ 0.43	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Bonds (2027) at 95% Tax Collections Based Upon 2025 Certified Taxable Assessed Valuation (\$282,358,018).....	\$ 0.48	
Number of Single-Family Homes (including 19 homes in various stages of construction) as of October 9, 2025.....	803	

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2025. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."

(c) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Debt Service Fund. Funds in the Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, wastewater, and drainage facilities (e.g., the Bonds).

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of September 30, 2025	Estimated Overlapping	
		Percent	Amount
Montgomery County	\$ 516,260,000	0.26%	\$ 1,331,659
City of Conroe	495,845,000	1.68%	8,313,474
Lone Star College System	434,530,000	0.09%	370,674
Conroe ISD	2,512,490,000	0.51%	<u>12,793,305</u>
Total Estimated Overlapping Debt			\$ 22,809,111
The District			\$ 14,360,000 (a)
Total Direct & Estimated Overlapping Debt			\$ 37,169,111

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

	% of 2025 Assessed Taxable Valuation
Direct Debt (a)	5.09%
Direct and Estimated Overlapping Debt (a)	13.16%

(a) Includes the Bonds and the Outstanding Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the System, and to pay the expenses of assessing and collecting such taxes (see "INVESTMENT CONSIDERATIONS – Future Debt"). In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." See "TAX DATA – Maintenance Tax."

Property Tax Code and County-wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility of appraising property for all taxing units within Montgomery County, including the District. Such appraisal values will be subject to review and change by the Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from

ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. For the 2025 tax year, the District granted an exemption of \$20,000 for residential homesteads of persons 65 years of age or older and certain disabled persons. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption. See "TAX DATA - Exemptions."

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Montgomery County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space, land, and timberland.

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

Reappraisal of Property after Disaster

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

Tax Payment Installments After Disaster

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

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster

area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

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 timely petition for review in district court. 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 compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Property Tax Code, maybe required to hold an election within the district

to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

For the 2025 tax year, the Board made the determination of the District's status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. 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 the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due September 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. In addition, the District has the power and authority to assess, levy, and collect ad valorem taxes, not to exceed \$1.00 per \$100 of assessed valuation, for operation and maintenance purposes. In 2025, the Board levied a tax of \$0.20 per \$100 of assessed valuation for operation and maintenance purposes and a tax of \$0.35 per \$100 of assessed valuation for debt service purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance:	\$1.00 per \$100 Assessed Valuation

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the

District's voters to levy such maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "– Tax Rate Distribution" below.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Taxable Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2025 Certified Taxable Assessed Valuation (\$282,358,018). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Estimated Average Annual Debt Service Requirement (2026-2045)	\$	1,041,940
Debt Service Tax Rate of \$0.43 on the 2025 Certified Taxable Assessed Valuation produces	\$	1,053,583

Estimated Maximum Annual Debt Service Requirement (2027)	\$	1,170,288
Debt Service Tax Rate of \$0.48 on the 2025 Certified Taxable Assessed Valuation produces	\$	1,176,093

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2025 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2025 Tax Rate Per \$100 of Assessed Taxable Valuation</u>
The District	\$0.550000
Montgomery County	0.377000
Montgomery County Hospital	0.047300
Conroe Independent School District	0.949600
Lone Star College System	0.106000
City of Conroe	<u>0.427200</u>
Total Tax Rate	<u>\$2.457100</u>

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Historical Tax Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate/ \$100 (a)</u>	<u>Adjusted Levy</u>	<u>% of Collections Current Year</u>	<u>For the Year Ended September 30</u>	<u>% of Collections as of 08/31/2025</u>
2021	\$167,831,542	0.600	\$1,006,989	99.73%	2022	100.00%
2022	189,731,894	0.580	1,100,445	99.87%	2023	100.00%
2023	212,996,657	0.570	1,214,081	98.51%	2024	99.66%
2024	237,521,498	0.570	1,353,873	98.51%	2025	98.51%
2025	282,358,018	0.550	1,552,969	(b)	2026	(b)

(a) See "Tax Rate Distribution."

(b) In process of collections. The 2026 taxes are due by January 31, 2026.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$0.350	\$0.325	\$0.320	\$0.310	\$0.370
Maintenance and Operations	<u>\$0.200</u>	<u>\$0.245</u>	<u>\$0.250</u>	<u>\$0.270</u>	<u>\$0.230</u>
Total	\$0.550	\$0.570	\$0.570	\$0.580	\$0.600

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2021-2025 tax rolls as certified by the Appraisal District.

Type of Property	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation
Land	\$ 78,798,569	\$ 42,257,204	\$ 35,771,445	\$ 35,467,579	\$ 33,717,970
Improvements	234,121,628	241,103,115	231,028,620	204,582,970	157,741,290
Personal Property	7,299,332	4,319,093	4,441,021	4,045,080	1,072,737
Exemption	<u>(37,861,511)</u>	<u>(50,157,914)</u>	<u>(58,244,429)</u>	<u>(54,363,735)</u>	<u>(24,700,455)</u>
Total	\$282,358,018	\$237,521,498	\$212,996,657	\$189,731,894	\$167,831,542

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2025 tax year.

Taxpayer	Type of Property	Assessed Taxable Valuation 2025 Tax Roll	Percent of District 2025 Value
Meritage Homes Of Texas LLC (a)	Land & Improvements	\$ 10,422,600	3.69%
Confidential Owner	Land & Improvements	3,677,619	1.30%
Blackfin Pipeline	Land & Improvements	1,728,930	0.61%
Sitterle Homes Houston LL (b)	Land & Improvements	1,628,532	0.58%
Entergy Texas Inc	Land & Improvements	1,102,240	0.39%
Homeowner	Land & Improvements	941,120	0.33%
Homeowner	Land & Improvements	890,673	0.32%
Diamond L Living Trust	Land & Improvements	833,893	0.30%
Homeowner	Land & Improvements	809,528	0.29%
Homeowner	Land & Improvements	<u>773,117</u>	<u>0.27%</u>
Total		<u>\$ 22,808,252</u>	8.08%

% of Respective Tax Roll

8.08%

(a) See "THE DEVELOPERS – Developers."

(b) See "DEVELOPMENT OF THE DISTRICT – Homebuilders."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any political subdivision or agency other than the District, are secured by the levy of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source and Security for Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners, or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below and "THE BONDS – Source and Security for Payment" and "– Remedies in Event of Default."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy costs and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District.

The District cannot predict the pace or magnitude of any future development or home construction in the District.

Developer: There is no commitment by or legal requirement 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 in the District, or of any homebuilders to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. There are approximately 165 vacant developed lots and 421.19 developable acres remaining within the District.

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2025, the District's principal taxpayers owned property located within the District the aggregate taxable assessed valuation of which comprised approximately 8.08% of the District's total assessed valuation. The Developer and related entities own approximately 3.69% of the District's total assessed valuation.

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2025 Certified Taxable Assessed Valuation of property located within the District is \$282,358,018. After issuance of the Bonds, the estimated maximum annual debt service requirement will be \$1,170,288 (2027) and the estimated average annual debt service requirements will be \$1,041,940 (2026-2045). Assuming no increase to nor decrease from the 2025 Certified Taxable Assessed Valuation, tax rates of \$0.48 and \$0.43 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2025, the Board levied a tax of \$0.20 per \$100 of assessed valuation for operation and maintenance purposes and a tax of \$0.35 per \$100 of assessed valuation for debt service purposes.

Vacant Developed Lots

As of October 9, 2025, approximately 162 developed lots within the District remained available for construction. Failure of the Developer to sell developed lots to homebuilders and for homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston metropolitan area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The competitive position of the homebuilders listed herein in the construction and sale of single-family residential units are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Increase in Costs of Building Materials

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property.

While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners of the Bonds have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a 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 in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The District has the right to issue the remaining: (i) \$13,440,000 authorized but unissued unlimited tax bonds for the purpose of purchasing, constructing, operating and maintaining water, wastewater, and drainage facilities to serve the District (the "System") and (ii) \$21,101,033.62 of unlimited tax bonds for the further purpose of refunding such bonds; (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Resolution.

After the issuance of the Bonds, the District will owe the Developers approximately \$2,319,000 for the existing facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

The District is currently authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) authorization of park bonds by the qualified voters in the District; (b) preparation of a detailed park plan; (c) approval of the park bond application for the issuance of bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) but not 3% of the value of the taxable property in the District at the time of issuance unless the District meets certain feasibility requirements. The District is not considering calling a park bond election at this time.

The principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's assessed value, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of taxable property in the District.

The District's Engineer estimates that the aforementioned \$13,440,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all water, wastewater, and drainage facilities to provide service to all of the currently undeveloped portions of the District.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

National Weather Service Atlas 14 Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms, hurricanes, tornadoes, flooding, and other natural disasters. 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.

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast. The Houston area, including Montgomery County, Texas, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall, and historic levels of rainfall during the succeeding four days.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the

region. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

If a future weather event or natural disaster significantly damaged taxable property within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Environmental Regulations

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

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

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

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

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and 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) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

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, which concluded on September 3, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The purchase of an Insurance policy is mandatory, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy ") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

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

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

THE SYSTEM

General

The water and wastewater facilities, the purchase, acquisition and construction of which have been financed by the District have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to Costello, Inc. (the "Engineer"), the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency, and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Water System

Water supply for district customers is provided pursuant to contracts with the City of Conroe (the "City"). See "THE DISTRICT – Utility Agreement with the City" herein. The District's source of water is groundwater from wells owned and operated by the City of Conroe. The City's existing water supply is adequate for its existing customers outside of the District and for the ultimate capacity committed to the District, which is sufficient to serve 647 ESFCs.

Wastewater System

Pursuant to a Utility Agreement between the City, the Developers and the District, the City has agreed to provide capacity for the ultimate wastewater discharge of the District. See "THE DISTRICT – Utility Agreement with the City." Wastewater treatment for District customers is currently provided by the City's 6,000,000 gallon per day wastewater treatment plant. The City's existing wastewater treatment plant capacity is adequate for its existing customers outside of the District, for the existing amenity center within the District, and for the ultimate wastewater discharge committed to the District, which is sufficient to serve 647 ESFCs.

Drainage System

Stormwater from within the District currently drains through underground lines leading to natural tributaries, to Stewart's Creek and the San Jacinto River.

100-year Flood Plain

All portions of the District that were within the FEMA 100-year flood plain have been removed. None of the current sections of development lie within the 100-year flood plain.

National Weather Service Rainfall Study and Floodplain Regulations.

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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. Montgomery County has adopted the Atlas 14 rainfall amounts effective January 1, 2019.

General Fund Operating Statement

The following sets forth in condensed form the results of the District's general operating fund prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements for the fiscal years ending September 30, 2021 through September 30, 2024. The unaudited figures as of September 30, 2025, were obtained from the District's Bookkeepers. See "APPENDIX A."

	Fiscal Year Ended				
	2025 (a)	2024	2023	2022	2021
<u>Revenues</u>					
Property Taxes	574,480	\$ 524,780	\$ 517,317	\$ 385,618	\$ 383,751
Miscellaneous Revenues	43,174	76,383	63,363	6,807	297
Total Revenues	\$ 617,654	\$ 601,163	\$ 580,680	\$ 392,425	\$ 384,048
<u>Expenditures</u>					
Service Operations					
Professional Fees	137,710	\$ 82,280	\$ 85,848	\$ 56,543	\$ 52,199
Contracted Services	16,900	17,450	16,850	14,538	11,625
Repairs and Maintenance	110,428	57,105	61,183	30,237	73,450
Other Expenditures	12,934	11,833	8,939	22,820	7,524
Capital Outlay	-	0	0	0	0
Total Expenditures	\$ 277,972	\$ 168,668	\$ 172,820	\$ 124,138	\$ 144,798
Net Change in Fund Balance	\$ 339,683	\$ 432,495	\$ 407,860	\$ 268,287	\$ 239,250
Other Financing Sources					
Transfer In (out)	\$ 0	\$(1,181,358)	\$ 0	\$ 0	\$ 0
Fund Balance Beginning of Period	\$ 706,719	\$ 1,455,582	\$ 1,047,722	\$ 779,435	\$ 540,185
Fund Balance End of Period	<u>\$ 1,046,402</u>	<u>\$ 706,719</u>	<u>\$ 1,455,582</u>	<u>\$ 1,047,722</u>	<u>\$ 779,435</u>

(a) Unaudited, provided by the District's Bookkeeper.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property

within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS (except for information under the subheading “- Book-Entry-Only System”) “PLAN OF FINANCING – Defeasance of the Refunded Bonds,” “THE DISTRICT - Authority,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds.

Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except Estimated Direct and Overlapping Debt Statement), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is the last day of September. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligations" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages

resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an 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 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 Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developers, the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

The financial statements of the District as of September 30, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2024, audited financial statements.

Experts

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

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

Tax Assessor/Collector and Appraisal District: The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by Bob Leared Interests and the Montgomery Central Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing 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 ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 90 as of the date shown on the first page hereof.

/s/ _____
Tim Kurtin
President, Board of Directors
Montgomery County Municipal Utility District No. 90

ATTEST:

/s/ _____
Perri D'Armond
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 90

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal Utility District No. 90
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. 90 (the "District") as of and for the year ended September 30, 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 the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended September 30, 2023, have been restated for certain accounting changes. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Montgomery County Municipal
Utility District No. 90

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

January 9, 2025

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's discussion and analysis of Montgomery County Municipal Utility District No. 90's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by \$276,470 as of September 30, 2024. A portion of the District's net position reflects its net investment in capital assets (drainage improvements, water, wastewater and drainage infrastructure, less any debt used to acquire those assets that is still outstanding).

The table on the following page presents a comparative analysis of the Statement of Net Position as of September 30, 2024, and September 30, 2023. The fiscal year ending 2023 balances have been restated as discussed in Note 6 to the financial statements.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,772,798	\$ 1,986,311	\$ (213,513)
Capital Assets (Net of Accumulated Depreciation)	<u>10,386,741</u>	<u>7,960,046</u>	<u>2,426,695</u>
Total Assets	<u>\$ 12,159,539</u>	<u>\$ 9,946,357</u>	<u>\$ 2,213,182</u>
Deferred Outflows of Resources	<u>\$ 80,670</u>	<u>\$ 89,458</u>	<u>\$ (8,788)</u>
Due to Developer	\$ 1,122,169	\$ 3,782,044	\$ 2,659,875
Long-Term Liabilities	11,310,762	5,865,567	(5,445,195)
Other Liabilities	<u>83,748</u>	<u>59,673</u>	<u>(24,075)</u>
Total Liabilities	<u>\$ 12,516,679</u>	<u>\$ 9,707,284</u>	<u>\$ (2,809,395)</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,701,524)	\$ (1,584,885)	\$ (116,639)
Restricted	714,503	456,280	258,223
Unrestricted	<u>710,551</u>	<u>1,457,136</u>	<u>(746,585)</u>
Total Net Position	<u>\$ (276,470)</u>	<u>\$ 328,531</u>	<u>\$ (605,001)</u>

The following table provides a summary of the District's operations for the years ended September 30, 2024, and September 30, 2023. The fiscal year ending 2023 balances have been restated as discussed in Note 6 to the financial statements.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,201,692	\$ 1,107,810	\$ 93,882
Contract Revenue	19,103	12,766	6,337
Other Revenues	<u>112,606</u>	<u>116,053</u>	<u>(3,447)</u>
Total Revenues	\$ 1,333,401	\$ 1,236,629	\$ 96,772
Expenses for Services	<u>1,938,402</u>	<u>716,507</u>	<u>(1,221,895)</u>
Change in Net Position	\$ (605,001)	\$ 520,122	\$ (1,125,123)
Net Position, Beginning of Year,			
As Restated	<u>328,531</u>	<u>(191,591)</u>	<u>520,122</u>
Net Position, End of Year	<u>\$ (276,470)</u>	<u>\$ 328,531</u>	<u>\$ (605,001)</u>

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2024, were \$1,733,938, an decrease of \$187,446 from the prior year.

The General Fund fund balance decreased by \$748,863 primarily due to current year operating costs and the transfer to the Capital Project Fund exceeding property tax revenues.

The Debt Service Fund fund balance increased by \$309,282 primarily due to the contract and property tax revenues and proceeds from debt issuance exceeding the District's outstanding debt service requirements.

The Capital Projects Fund fund balance increased by \$252,135.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$96,232 more than budgeted revenues, actual expenditures were \$110,866 less than budgeted expenditures, and other financing uses of \$1,181,358 were not budgeted which resulted in a total negative variance of \$974,260. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets (Net of Accumulated Depreciation) as of September 30, 2024, total \$10,386,741 and include drainage improvements to serve a 278-acre mixed use tract. In addition, certain water, wastewater and drainage infrastructure are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets, Net of Accumulated Depreciation:			
Water, Wastewater and Drainage Infrastructure	\$ 8,177,952	\$ 5,465,419	\$ 2,712,533
Drainage Improvements	<u>2,208,789</u>	<u>2,494,627</u>	<u>(285,838)</u>
Total Net Capital Assets	<u>\$ 10,386,741</u>	<u>\$ 7,960,046</u>	<u>\$ 2,426,695</u>

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

LONG-TERM DEBT ACTIVITY

At the end of the fiscal year, the District had total bond debt payable of \$11,240,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ 5,705,000
Add: Bond Sale - Series 2024	6,000,000
Less: Bond Principal Paid	<u>465,000</u>
Bond Debt Payable, September 30, 2024	<u>\$ 11,240,000</u>

The District's Series 2016, Series 2021 Refunding, and Series 2024 bonds carry an underlying rating of "Baa2" by Standard & Poor's and an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. These ratings reflect all changes, if any, through September 30, 2024.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Montgomery County Municipal Utility District No. 90, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 60,946	\$ 9,459
Investments	644,238	775,176
Receivables:		
Property Taxes	3,832	5,679
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	6,990	
Prepaid Costs		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 716,006</u>	<u>\$ 790,314</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 716,006</u></u>	<u><u>\$ 790,314</u></u>
LIABILITIES		
Accounts Payable	\$ 5,455	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		2,348
Due to Taxpayers		6,567
Long-Term Liabilities:		
Bonds Payable Within One Year		
Bonds Payable After One Year		
TOTAL LIABILITIES	<u>\$ 5,455</u>	<u>\$ 8,915</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 3,832</u>	<u>\$ 5,679</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		775,720
Unassigned	<u>706,719</u>	
TOTAL FUND BALANCES	<u>\$ 706,719</u>	<u>\$ 775,720</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 716,006</u></u>	<u><u>\$ 790,314</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 258,770	\$ 329,175 1,419,414	\$	\$ 329,175 1,419,414
	9,511		9,511
		2,201	2,201
	6,990	(6,990)	
		12,497	12,497
		10,386,741	10,386,741
<u>\$ 258,770</u>	<u>\$ 1,765,090</u>	<u>\$ 10,394,449</u>	<u>\$ 12,159,539</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 80,670</u>	<u>\$ 80,670</u>
<u>\$ 258,770</u>	<u>\$ 1,765,090</u>	<u>\$ 10,475,119</u>	<u>\$ 12,240,209</u>
\$ 2,629	\$ 8,084	\$	\$ 8,084
		69,097	69,097
		1,122,169	1,122,169
4,642	6,990	(6,990)	
	6,567		6,567
		480,000	480,000
		10,830,762	10,830,762
<u>\$ 7,271</u>	<u>\$ 21,641</u>	<u>\$ 12,495,038</u>	<u>\$ 12,516,679</u>
<u>\$ -0-</u>	<u>\$ 9,511</u>	<u>\$ (9,511)</u>	<u>\$ -0-</u>
\$ 251,499	\$ 251,499	\$ (251,499)	\$
	775,720	(775,720)	
	706,719	(706,719)	
<u>\$ 251,499</u>	<u>\$ 1,733,938</u>	<u>\$ (1,733,938)</u>	<u>\$ -0-</u>
<u>\$ 258,770</u>	<u>\$ 1,765,090</u>		
		\$ (1,701,524)	\$ (1,701,524)
		714,503	714,503
		710,551	710,551
		<u>\$ (276,470)</u>	<u>\$ (276,470)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds	\$	1,733,938
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		80,670
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Bond insurance paid at closing is amortized over the repayment period of the related bonds in the governmental activities.		12,497
--	--	--------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,386,741
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		11,712
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (1,122,169)	
Accrued Interest Payable	(69,097)	
Bonds Payable	<u>(11,310,762)</u>	<u>(12,502,028)</u>
Total Net Position - Governmental Activities		<u>\$ (276,470)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 524,780	671,899
Contract Revenues		19,103
Penalty and Interest		4,961
Miscellaneous Revenues	<u>76,383</u>	<u>30,365</u>
TOTAL REVENUES	<u>\$ 601,163</u>	<u>726,328</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 82,280	41
Contracted Services	17,450	20,164
Repairs and Maintenance	57,105	
Depreciation		
Other	11,833	5,985
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Issuance Costs		
Bond Principal		465,000
Bond Interest		<u>171,856</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 168,668</u>	<u>663,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 432,495</u>	<u>63,282</u>
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	\$ (1,181,358)	\$
Transfers Out		
Bond Discount		
Bond Premium		
Long-Term Debt Issued		<u>246,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (1,181,358)</u>	<u>246,000</u>
NET CHANGE IN FUND BALANCES	\$ (748,863)	309,282
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2023, AS REPORTED	1,455,582	466,438
CHANGE DUE TO NEW ACCOUNTING GUIDANCE		
OCTOBER 1, 2023, AS RESTATED	<u>\$ 1,455,582</u>	<u>\$ 466,438</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	<u>\$ 706,719</u>	<u>\$ 775,720</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,196,679	\$ 5,013	\$ 1,201,692
	19,103		19,103
	4,961	445	5,406
452	107,200		107,200
<u>\$ 452</u>	<u>\$ 1,327,943</u>	<u>\$ 5,458</u>	<u>\$ 1,333,401</u>
\$ 3,162	\$ 85,483	\$	\$ 85,483
	37,614		37,614
	57,105		57,105
		294,180	294,180
	17,818		17,818
720,887	720,887		720,887
5,380,750	5,380,750	(5,380,750)	
504,647	504,647		504,647
	465,000	(465,000)	
	171,856	48,812	220,668
<u>\$ 6,609,446</u>	<u>\$ 7,441,160</u>	<u>\$ (5,502,758)</u>	<u>\$ 1,938,402</u>
<u>\$ (6,608,994)</u>	<u>\$ (6,113,217)</u>	<u>\$ 5,508,216</u>	<u>\$ (605,001)</u>
\$ 1,181,358	\$	\$	\$
(106,402)	(106,402)	106,402	
32,173	32,173	(32,173)	
<u>5,754,000</u>	<u>6,000,000</u>	<u>(6,000,000)</u>	
<u>\$ 6,861,129</u>	<u>\$ 5,925,771</u>	<u>\$ (5,925,771)</u>	<u>\$ -0-</u>
\$ 252,135	\$ (187,446)	\$ 187,446	\$
		(605,001)	(605,001)
(636)	1,921,384	(2,626,805)	(705,421)
		1,033,952	1,033,952
<u>\$ (636)</u>	<u>\$ 1,921,384</u>	<u>\$ (1,592,853)</u>	<u>\$ 328,531</u>
<u>\$ 251,499</u>	<u>\$ 1,733,938</u>	<u>\$ (2,010,408)</u>	<u>\$ (276,470)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ (187,446)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	5,013
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	445
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	5,380,750
Governmental funds report bond premiums and discounts as other financing sources and uses in the year received or paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	74,229
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	465,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(48,812)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(6,000,000)
Governmental funds do not account for depreciation. However, depreciation expense is recorded in the Statement of Activities.	(294,180)
Change in Net Position - Governmental Activities	<u>\$ (605,001)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 90 of Montgomery County, Texas (the “District”) was created on March 14, 2002, by an Order of the Texas Natural Resource Conservation Commission, predecessor agency to the Texas Commission on Environmental Quality (the “Commission”) and subsequently confirmed on September 14, 2002. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its organizational meeting on March 19, 2002, and sold its first bonds on May 25, 2006.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

Fund Financial Statements

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

Governmental Funds

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2024, the Debt Service Fund (Tax Fund) owes the General Fund \$3,237 for maintenance tax collections. The Capital Projects Fund owes the General Fund \$4,642 for bond issuance costs paid by the General Fund. The General Fund owes the Debt Service Fund \$889 for bond issuance costs.

Capital Assets

Capital assets, which include drainage infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Certain water, wastewater and drainage infrastructure are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Note 6).

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered “employees” for federal payroll tax purposes only.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2016	Refunding Series 2021	Series 2024
Amount Outstanding – September 30, 2024	\$1,680,000	\$3,560,000	\$6,000,000
Interest Rates	3.75% - 5.00%	2.125% - 3.00%	4.00% - 6.50%
Maturity Dates – Beginning/Ending	March 1, 2025/2036	March 1, 2025/2034	March 1, 2028/2045
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2023*	March 1, 2027*	March 1, 2030*

- * Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2016 term bonds maturing on March 1, 2034, and March 1, 2036, are subject to mandatory redemption by random selection beginning March 1, 2028, and March 1, 2035, respectively. Series 2024 term bonds maturing on March 1, 2036, March 1, 2039, March 1, 2041, March 1, 2043 and March 1, 2045, are subject to mandatory redemption by random selection beginning March 1, 2031, March 1, 2038, March 1, 2040, March 1, 2042 and March 1, 2044, respectively.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	\$ 5,705,000	\$ 6,000,000	\$ 465,000	\$ 11,240,000
Unamortized Discount	(36,288)	(106,402)	(4,101)	(138,589)
Unamortized Premiums	196,855	32,173	19,677	209,351
Bonds Payable, Net	<u>\$ 5,865,567</u>	<u>\$ 5,925,771</u>	<u>\$ 480,576</u>	<u>\$ 11,310,762</u>
			Amount Due Within One Year	\$ 480,000
			Amount Due After One Year	<u>10,830,762</u>
			Bonds Payable, Net	<u>\$ 11,310,762</u>

As of September 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 480,000	\$ 438,961	\$ 918,961
2026	500,000	390,419	890,419
2027	520,000	374,618	894,618
2028	390,000	359,806	749,806
2029	405,000	346,056	751,056
2030-2034	2,225,000	1,513,786	3,738,786
2035-2039	2,655,000	1,085,725	3,740,725
2040-2044	3,310,000	494,000	3,804,000
2045	755,000	15,100	770,100
	<u>\$ 11,240,000</u>	<u>\$ 5,018,471</u>	<u>\$ 16,258,471</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of September 30, 2024, the District had authorized but unissued bonds in the amount of \$17,040,000 for utility facilities and \$21,101,034 for refunding bonds.

During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$674,634 on the adjusted taxable valuation of \$210,823,152 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$329,175 and the bank balance was \$342,795. The District was not exposed to custodial credit risk at year end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 60,946
DEBT SERVICE FUND	9,459
CAPITAL PROJECTS FUND	<u>258,770</u>
TOTAL DEPOSITS	<u><u>\$ 329,175</u></u>

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2024, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 644,238	\$ 644,238
<u>DEBT SERVICE FUND</u>		
TexSTAR	<u>775,176</u>	<u>775,176</u>
TOTAL INVESTMENTS	<u>\$ 1,419,414</u>	<u>\$ 1,419,414</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investment in TexSTAR was rated "AAAm" by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the fact the share position can be redeemed each day at the discretion of the District.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 is as follows:

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6. CAPITAL ASSETS (Continued)

	October 1, 2023*	Increases	Deductions	September 30, 2024
Capital Assets Subject to Depreciation				
Water, Wastewater and Drainage Infrastructure	\$ 8,561,774	\$ 2,978,011	\$ - 0 -	\$ 11,539,785
Drainage Improvements	<u>2,919,581</u>	<u>-</u>	<u>257,136</u>	<u>2,662,445</u>
Total Capital Assets Subject to Depreciation	<u>\$ 11,481,355</u>	<u>\$ 2,978,011</u>	<u>\$ 257,136</u>	<u>\$ 14,202,230</u>
Less Accumulated Depreciation				
Water, Wastewater and Drainage Infrastructure	\$ 3,096,355	\$ 265,478	\$ - 0 -	\$ 3,361,833
Drainage Improvements	<u>424,954</u>	<u>28,702</u>	<u>-</u>	<u>453,656</u>
Total Accumulated Amortization	<u>\$ 3,521,309</u>	<u>\$ 294,180</u>	<u>\$ - 0 -</u>	<u>\$ 3,815,489</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 7,960,046</u></u>	<u><u>\$ 2,683,831</u></u>	<u><u>\$ 257,136</u></u>	<u><u>\$ 10,386,741</u></u>

* As Restated

The District operates in contractual conjunction with the City of Conroe, Texas (the “City”). In this arrangement, the facilities constructed by the District are conveyed to the City for operation and maintenance. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets in accordance with GASB Statement No. 94. The reclassification of these assets from intangible to capital resulted in an adjustment to prior year accumulated depreciation of \$1,033,952 which increased net position from (\$705,421) to \$328,531 as of September 30, 2023.

NOTE 7. MAINTENANCE TAX

On September 14, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District’s waterworks and wastewater system. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$527,058 on the adjusted taxable valuation of \$210,823,152 for the 2023 tax year.

NOTE 8. UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT

On November 20, 2000, and as amended on October 14, 2004 and February 22, 2018, the District entered into the Utility Functions and Services Allocation Agreement with the City of Conroe (the “City”). Pursuant to this agreement, the City consented to the creation of the District within its city limits. The District is responsible for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution, wastewater collection and drainage facilities (the “facilities”) to serve development within the District. The City has

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8. UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT
(Continued)

agreed to accept the facilities for operation and maintenance in consideration for the District's financing, acquisition and construction of the facilities. The City agrees to charge residents of the District the same water and wastewater rates that the City charges in other parts of the City.

The agreement provides that the facilities shall be designed and constructed in accordance with the City's requirements. The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity without charging the District any type of capital charge.

In accordance with the agreement, the District is authorized to issue bonds for the purpose of financing the construction and acquisition of the facilities. Prior to issuing any bonds, the District must provide the City with a copy of the Commission order authorizing the issuance of the bonds and such order must provide that under the Commission rules governing the issuance of bonds it is feasible to sell the bonds at a District tax rate that does not exceed \$0.60 per \$100 of assessed valuation. The agreement provides that such condition is not a limitation on the District's authority to levy an unlimited tax and that the District's bonds are secured by a pledge of the proceeds of an ad valorem tax without limit as to rate or amount.

The agreement provides that the City will pay an annual rebate to the District. The annual rebate is equal to the total assessed value in the District for the given year multiplied by the portion of the City's tax rate that is attributable to water, sewer and drainage facilities. This annual rebate is to be deposited into the District's Debt Service Fund. During the current fiscal year, the District recorded \$19,103 from the City in relation to this agreement in the Debt Service Fund.

The term of the agreement is the earlier of the dissolution of the District by the City or 40 years. The City's right to dissolve the District is restricted per the agreement. Under the terms of the agreement, the City agrees that it will not dissolve the District until 90% of the District's facilities have been developed and the developers advancing funds to construct the facilities have been reimbursed.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9. UNREIMBURSED COSTS

The District executed development financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, sewer and drainage facilities until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$1,122,169 has been recorded as a liability for facilities financed by the Developer. Reimbursement to the Developer will come from future bond sales.

Due to Developers - October 1, 2023	\$ 3,782,044
Current Year Additions/Reimbursements	<u>(2,659,875)</u>
Due to Developers - September 30, 2024	<u><u>\$ 1,122,169</u></u>

NOTE 10. RISK MANAGEMENT

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

NOTE 11. BOND SALE

On July 11, 2024, the District issued its Unlimited Tax Bonds, Series 2024 in the amount of \$6,000,000. Proceeds, along with \$1,200,000 in available surplus funds from the General Fund, were used to reimburse the Developers for construction and engineering costs related to water, wastewater and drainage improvements. Proceeds were also used to pay developer interest, capitalized interest and bond issuance costs. During the current year, the General Fund transferred surplus funds in the amount of \$1,200,000 to the Capital Projects Fund as noted above. In addition, the Capital Projects Fund transferred \$18,642 to the General Fund to reimburse the General Fund for bond issuance costs which resulted in a net transfer of \$1,181,358.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 501,931	\$ 524,780	\$ 22,849
Miscellaneous Revenues	<u>3,000</u>	<u>76,383</u>	<u>73,383</u>
TOTAL REVENUES	<u>\$ 504,931</u>	<u>\$ 601,163</u>	<u>\$ 96,232</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 68,000	\$ 82,280	\$ (14,280)
Contracted Services	17,000	17,450	(450)
Repairs and Maintenance	70,000	57,105	12,895
Other	20,025	11,833	8,192
Capital Outlay	<u>104,509</u>	<u></u>	<u>104,509</u>
TOTAL EXPENDITURES	<u>\$ 279,534</u>	<u>\$ 168,668</u>	<u>\$ 110,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 225,397</u>	<u>\$ 432,495</u>	<u>\$ 207,098</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ (1,181,358)</u>	<u>\$ (1,181,358)</u>
NET CHANGE IN FUND BALANCE	\$ 225,397	\$ (748,863)	\$ (974,260)
FUND BALANCE - OCTOBER 1, 2023	<u>1,455,582</u>	<u>1,455,582</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2024	<u>\$ 1,680,979</u>	<u>\$ 706,719</u>	<u>\$ (974,260)</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

SEPTEMBER 30, 2024

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

<u>N/A</u>	Retail Water	<u>N/A</u>	Wholesale Water	<u>X</u>	Drainage
<u>N/A</u>	Retail Wastewater	<u>N/A</u>	Wholesale Wastewater	<u>N/A</u>	Irrigation
<u>N/A</u>	Parks/Recreation	<u>N/A</u>	Fire Protection	<u>N/A</u>	Security
<u>N/A</u>	Solid Waste/Garbage	<u>N/A</u>	Flood Control	<u>N/A</u>	Roads
<u>N/A</u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>X</u>	Other: The District operates in contractual conjunction with the City of Conroe, Texas				

2. RETAIL SERVICE PROVIDERS (NOT APPLICABLE)

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (NOT APPLICABLE)

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Montgomery County, Texas

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

5. LOCATION OF DISTRICT: (Continued)

Is the District located within a city?

Entirely X Partly Not at all

City in which the District is located:

City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PROFESSIONAL FEES:

Auditing	\$ 13,000
Engineering	27,119
Legal	<u>42,161</u>

TOTAL PROFESSIONAL FEES	<u>\$ 82,280</u>
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CONTRACTED SERVICES:

Bookkeeping	<u>\$ 17,450</u>
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REPAIRS AND MAINTENANCE	<u>\$ 57,105</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees	\$ 4,641
Insurance	3,478
Office Supplies and Postage	1,199
Payroll Taxes	372
Travel and Meetings	989
Other	<u>1,154</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 11,833</u>
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TOTAL EXPENDITURES	<u>\$ 168,668</u>
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See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
INVESTMENTS
SEPTEMBER 30, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 644,238	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 775,176	\$ -0-
TOTAL - ALL FUNDS				\$ 1,419,414	\$ -0-

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
OCTOBER 1, 2023	\$	1,554	\$	2,944
Adjustments to Beginning				
Balance		\$		\$
		1,554		2,944
Original 2023 Tax Levy	\$	486,485	\$	622,701
Adjustment to 2023 Tax Levy		<u>40,573</u>		<u>51,933</u>
		527,058		674,634
TOTAL TO BE				
ACCOUNTED FOR		\$		\$
		528,612		677,578
TAX COLLECTIONS:				
Prior Years	\$	(48)	\$	119
Current Year		<u>524,828</u>		<u>671,780</u>
		524,780		671,899
TAXES RECEIVABLE -				
SEPTEMBER 30, 2024		<u>\$</u>		<u>\$</u>
		3,832		5,679
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	2,230	\$	2,854
2022		408		468
2021		275		443
2019		477		825
2017 and prior		<u>442</u>		<u>1,089</u>
TOTAL	\$	<u>3,832</u>	\$	<u>5,679</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 35,638,110	\$ 35,435,560	\$ 33,717,960	\$ 34,014,640
Improvements	228,448,010	204,582,970	157,741,290	156,067,210
Personal Property	4,441,021	4,045,080	1,072,737	3,884,315
Exemptions	<u>(57,703,989)</u>	<u>(53,010,349)</u>	<u>(24,588,325)</u>	<u>(26,746,785)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 210,823,152</u>	<u>\$ 191,053,261</u>	<u>\$ 167,943,662</u>	<u>\$ 167,219,380</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.32	\$ 0.31	\$ 0.37	\$ 0.37
Maintenance	<u>0.25</u>	<u>0.27</u>	<u>0.23</u>	<u>0.23</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.57</u>	<u>\$ 0.58</u>	<u>\$ 0.60</u>	<u>\$ 0.60</u>
ADJUSTED TAX LEVY*	<u>\$ 1,201,692</u>	<u>\$ 1,108,109</u>	<u>\$ 1,007,662</u>	<u>\$ 1,003,758</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.58 %</u>	<u>99.92 %</u>	<u>99.93 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on September 14, 2002.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

Due During Fiscal Years Ending September 30	S E R I E S - 2 0 1 6		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 50,000	\$ 62,625	\$ 112,625
2026	50,000	60,375	110,375
2027	50,000	58,375	108,375
2028	80,000	55,875	135,875
2029	80,000	52,875	132,875
2030	80,000	49,875	129,875
2031	80,000	46,875	126,875
2032	85,000	43,781	128,781
2033	80,000	40,688	120,688
2034	85,000	37,594	122,594
2035	470,000	27,187	497,187
2036	490,000	9,188	499,188
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	<u>\$ 1,680,000</u>	<u>\$ 545,313</u>	<u>\$ 2,225,313</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 2 1 R E F U N D I N G			
Due During Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 430,000	\$ 96,169	\$ 526,169
2026	450,000	84,044	534,044
2027	470,000	70,243	540,243
2028	275,000	59,069	334,069
2029	290,000	50,593	340,593
2030	305,000	41,669	346,669
2031	315,000	32,369	347,369
2032	325,000	22,769	347,769
2033	345,000	12,719	357,719
2034	355,000	3,772	358,772
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	<u>\$ 3,560,000</u>	<u>\$ 473,416</u>	<u>\$ 4,033,416</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

Due During Fiscal Years September 30	S E R I E S - 2 0 2 4		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$	\$ 280,167	\$ 280,167
2026		246,000	246,000
2027		246,000	246,000
2028	35,000	244,862	279,862
2029	35,000	242,588	277,588
2030	30,000	240,475	270,475
2031	35,000	238,450	273,450
2032	35,000	236,350	271,350
2033	35,000	234,250	269,250
2034	35,000	232,150	267,150
2035	20,000	230,500	250,500
2036	15,000	229,450	244,450
2037	530,000	218,400	748,400
2038	550,000	196,800	746,800
2039	580,000	174,200	754,200
2040	605,000	150,500	755,500
2041	630,000	125,800	755,800
2042	660,000	100,000	760,000
2043	690,000	73,000	763,000
2044	725,000	44,700	769,700
2045	755,000	15,100	770,100
	<u>\$ 6,000,000</u>	<u>\$ 3,999,742</u>	<u>\$ 9,999,742</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

Due During Fiscal Years Ending September 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal Interest Due
2025	\$ 480,000	\$ 438,961	\$ 918,961
2026	500,000	390,419	890,419
2027	520,000	374,618	894,618
2028	390,000	359,806	749,806
2029	405,000	346,056	751,056
2030	415,000	332,019	747,019
2031	430,000	317,694	747,694
2032	445,000	302,900	747,900
2033	460,000	287,657	747,657
2034	475,000	273,516	748,516
2035	490,000	257,687	747,687
2036	505,000	238,638	743,638
2037	530,000	218,400	748,400
2038	550,000	196,800	746,800
2039	580,000	174,200	754,200
2040	605,000	150,500	755,500
2041	630,000	125,800	755,800
2042	660,000	100,000	760,000
2043	690,000	73,000	763,000
2044	725,000	44,700	769,700
2045	755,000	15,100	770,100
	<u>\$ 11,240,000</u>	<u>\$ 5,018,471</u>	<u>\$ 16,258,471</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Description	Original Bonds Issued	Bonds Outstanding October 1, 2023
Montgomery County Municipal Utility District No. 90 Unlimited Tax Bonds - Series 2016	\$ 1,880,000	\$ 1,730,000
Montgomery County Municipal Utility District No. 90 Unlimited Tax Refunding Bonds - Series 2021	4,015,000	3,975,000
Montgomery County Municipal Utility District No. 90 Unlimited Tax Bonds - Series 2024	<u>6,000,000</u>	
TOTAL	<u>\$ 11,895,000</u>	<u>\$ 5,705,000</u>
Bond Authority:	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 33,000,000	\$ 21,450,000
Amount Issued	<u>15,960,000</u>	<u>348,966</u>
Remaining to be Issued	<u>\$ 17,040,000</u>	<u>\$ 21,101,034</u>
* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.		
Debt Service Fund cash and investment balance as of September 30, 2024:		<u>\$ 784,635</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 774,213</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2024</u>	
	<u>Principal</u>	<u>Interest</u>		
\$ -	\$ 50,000	\$ 65,125	\$ 1,680,000	a Division of ZB, N.A. Houston, TX
	415,000	106,731	3,560,000	Amegy Bank, a Division of ZB, N.A. Houston, TX
<u>6,000,000</u>			<u>6,000,000</u>	Amegy Bank, a Division of ZB, N.A. Houston, TX
<u>\$ 6,000,000</u>	<u>\$ 465,000</u>	<u>\$ 171,856</u>	<u>\$ 11,240,000</u>	

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 524,780	\$ 517,317	\$ 385,618
Miscellaneous Revenues	<u>76,383</u>	<u>63,363</u>	<u>6,807</u>
TOTAL REVENUES	<u>\$ 601,163</u>	<u>\$ 580,680</u>	<u>\$ 392,425</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 82,280	\$ 85,848	\$ 56,543
Contracted Services	17,450	16,850	14,538
Repairs and Maintenance	57,105	61,183	30,237
Other	11,833	8,939	22,820
Capital Outlay	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 168,668</u>	<u>\$ 172,820</u>	<u>\$ 124,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 432,495	\$ 407,860	\$ 268,287
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(1,181,358)</u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCE	\$ (748,863)	\$ 407,860	\$ 268,287
BEGINNING FUND BALANCE	<u>1,455,582</u>	<u>1,047,722</u>	<u>779,435</u>
ENDING FUND BALANCE	<u><u>\$ 706,719</u></u>	<u><u>\$ 1,455,582</u></u>	<u><u>\$ 1,047,722</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 383,751	\$ 359,150	87.3 %	89.1 %	98.3 %	99.9 %	99.0 %
297	3,680	12.7	10.9	1.7	0.1	1.0
<u>\$ 384,048</u>	<u>\$ 362,830</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 52,199	\$ 66,747	13.7 %	14.8 %	14.4 %	13.6 %	18.4 %
11,625	11,100	2.9	2.9	3.7	3.0	3.1
73,450	64,856	9.5	10.5	7.7	19.1	17.9
7,524	7,887	2.0	1.5	5.8	2.0	2.2
	115,351					31.8
<u>\$ 144,798</u>	<u>\$ 265,941</u>	<u>28.1 %</u>	<u>29.7 %</u>	<u>31.6 %</u>	<u>37.7 %</u>	<u>73.4 %</u>
\$ 239,250	\$ 96,889	<u>71.9 %</u>	<u>70.3 %</u>	<u>68.4 %</u>	<u>62.3 %</u>	<u>26.6 %</u>
\$ 239,250	\$ 96,889					
540,185	443,296					
<u>\$ 779,435</u>	<u>\$ 540,185</u>					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 671,899	\$ 600,955	\$ 620,342
Contract Revenue	19,103	12,766	12,778
Penalty and Interest	4,961	5,992	2,479
Miscellaneous Revenues	30,365	24,501	3,135
TOTAL REVENUES	<u>\$ 726,328</u>	<u>\$ 644,214</u>	<u>\$ 638,734</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 25,290	\$ 25,861	\$ 27,985
Debt Service Principal	465,000	405,435	445,000
Debt Service Interest and Fees	172,756	185,261	190,492
Bond Issuance Costs			171,729
TOTAL EXPENDITURES	<u>\$ 663,046</u>	<u>\$ 616,557</u>	<u>\$ 835,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 63,282</u>	<u>\$ 27,657</u>	<u>\$ (196,472)</u>
OTHER FINANCING SOURCES (USES)			
Payment to Refunding Bond Escrow Agent	\$	\$	\$ (4,076,290)
Long-Term Debt Issued	246,000		4,015,000
Bond Premium			231,408
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 246,000</u>	<u>\$ - 0 -</u>	<u>\$ 170,118</u>
NET CHANGE IN FUND BALANCE	\$ 309,282	\$ 27,657	\$ (26,354)
BEGINNING FUND BALANCE	<u>466,438</u>	<u>438,781</u>	<u>465,135</u>
ENDING FUND BALANCE	<u>\$ 775,720</u>	<u>\$ 466,438</u>	<u>\$ 438,781</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 617,339	\$ 620,376	92.5 %	93.3 %	97.1 %	97.5 %	97.1 %
12,516	12,629	2.6	2.0	2.0	2.0	2.0
2,768	1,474	0.7	0.9	0.4	0.4	0.2
499	4,419	4.2	3.8	0.5	0.1	0.7
<u>\$ 633,122</u>	<u>\$ 638,898</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 22,221	\$ 20,587	3.5 %	4.0 %	4.4 %	3.5 %	3.2 %
395,000	385,000	64.0	62.9	69.7	62.4	60.3
234,766	246,484	23.8	28.8	29.8	37.1	38.6
				26.9		
<u>\$ 651,987</u>	<u>\$ 652,071</u>	<u>91.3 %</u>	<u>95.7 %</u>	<u>130.8 %</u>	<u>103.0 %</u>	<u>102.1 %</u>
<u>\$ (18,865)</u>	<u>\$ (13,173)</u>	<u>8.7 %</u>	<u>4.3 %</u>	<u>(30.8) %</u>	<u>(3.0) %</u>	<u>(2.1) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (18,865)	\$ (13,173)					
484,000	497,173					
<u>\$ 465,135</u>	<u>\$ 484,000</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

District Mailing Address - Montgomery County Municipal Utility District No. 90
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 90
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

Consultants:	Date Hired	Fees / Compensation for the year ended September 30, 2024	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 45,325 \$ 166,027	General Counsel Bond related
McCall Gibson Swedlund Barfoot Ellis PLLC	04/19/06	\$ 13,000 \$ 22,000	Auditor Bond related
Myrtle Cruz, Inc.	09/01/02	\$ 18,685 \$ 5,000	Bookkeeper Bond related
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	08/12/04	\$ 41	Delinquent Tax Attorney
Pape Dawson Engineers	07/23/02	\$ 27,119 \$ 34,779	Engineer Bond related
Robert W. Baird & Co. Incorporated	02/12/15	\$ 123,177	Financial Advisor
Mary Jarmon	09/09/10	\$ -0-	Investment Officer
Bob Leared Interests	09/17/02	\$ 15,460 \$ 2,500	Tax Assessor/ Collector Bond related

See accompanying independent auditor's report.